UNIVERSITY OF TAMPERE
School of Management

SUSTAINABILITY REPORTING PRACTICES IN SMALL-TO-MEDIUM SIZED ENTERPRISES

Business competence
Master's thesis
May 2018
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ABSTRACT

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Title: SUSTAINABILITY REPORTING IN SMALL-TO-MEDIUM SIZED ENTERPRISES
Master's Thesis: 67 pages, 3 appendix pages
Date: May 2018
Key words:
Sustainability reporting, GRI, SME sustainability reporting, Sustainability indicators

There is an abundance of literature on sustainability reporting although it has been claimed that most focus is on MNEs and LEs. While SMEs are valuable in a country's economy and in the supply chains of MNEs, SMEs have been portrayed as being laggards in accounting for their sustainability impacts. MNEs and SMEs operate in the same environment, but they operate in different ways as they have different characteristic influences. The most notable difference is size and limited resources, hindering effective sustainability reporting. Reporting frameworks have been introduced to guide sustainability reporting, such as the well-known GRI framework, The GRI framework and guidelines has been criticized as being too complex and costly for SMEs. Therefore, it was claimed that SMEs need a concise set of sustainability indicators.

Thus, the purpose of the thesis is to gain more insight into the current state of SME sustainability reporting, specifically investigating sustainability indicators reported by active SME reporters applying the GRI-G4 guidelines. In the pursuit to explore the contemporary sustainability reporting practices in SMEs, the study further questions whether there is a pattern of frequently reported sustainability indicators by SMEs.

The data was collected from 52 SME reporting companies which incorporated the GRI-G4 framework in their sustainability reports and published their reports in the GRI Database. Each report included a GRI Content Index which summarized all the sustainability indicators they reported in their reports. Data was collected from the organizations and the indexes, inserted in tables and charts, and analyzed. Content analysis was used to analyze the data.

It was found that half of reporting SMEs utilizes the GRI reporting framework. Although the sustainable reporting rate in sustainable indicator disclosures was very low, it presented a slight pattern in the most common indicators SMEs disclosed, but also limited the accuracy of the results. Different common sustainability reporting themes were identified rather than specific indicators due to many limitations which questioned the accuracy of the results which encourage further research into SME sustainable reporting.

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1 INTRODUCTION

Throughout the past few years, sustainability has shown as an upcoming feature in companies and governments worldwide (Bos-Brouwers 2009; Bartels et al. 2013), positioned as a topic of global importance (Tregidga & Milne 2006). In achieving a sustainable economy and world, governments and businesses have raised concerns in sustainable development, in a manner inclusive of economic growth, increased transparency, and building trust while making their operations sustainable. (Bartels et al. 2013; GRI n.d. b) The concept of sustainable development affects all organizations, both big and small. Sustainable development has been defined in many ways, the most common phrased wording for sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (IISD n.d).

Sustainability development influences organizations universally by sustainability issues such as rising energy prices, health and safety of employees, carbon emissions, or waste reduction. Consequently, organizations are confronted to take responsibility for their business impacts or in some cases face the consequences when continuing to adopt a 'business as usual' attitude. (Hörisch et al. 2014) Environmental and social responsibility appears more clearly and consistent within political and business agendas (Revell et al. 2009) where responsibility can be communicated in the form of adherence to laws and regulations (Hörisch et al. 2014). Responsibility can further be a compelled reaction to public pressure and be a proactive initiative and strategy of the company (Hörisch et al. 2014). Recent increase of support for urgent action has produced a new wave of sustainable expressions from businesses leaders, who seem increasingly ready to accept that the advantage of acting immediately, may outweigh the costs in the long run (Revell et al. 2009).

Sustainability reporting exhibits this action which links an organization's strategy and devotion to a sustainable global economy (GRI, n.d. b), one that unites profitability with social justice and environmental protection (Bartels et al. 2013). Integrating sustainability information into an organization's reporting cycle helps organizations to identify, measure, comprehend and convey their economic, environmental, and social performance and impacts, positive or negative, caused by its everyday activities (GRI, n.d. b). "While it is an increasingly popular practice, the uptake of sustainability reporting can be significantly boosted by policy,

regulation, and other initiatives from both the public and private sector" (Bartels et al. 2013 p.8).

According to a survey on corporate responsibility reporting initiated by KPMG, most of the largest companies who are typically leaders in corporate responsibility reporting are using some form of guidance or framework for their sustainability reporting. Additionally, it was reported that the Global Reporting Initiative (GRI) framework was the most commonly applied framework by these reporting companies. (King & Blasco 2017) In 2015, KPMG reported that GRI remain the most popular voluntary reporting framework worldwide (King & Bartels 2015). GRİs activity involves thousands of professionals and organizations from many different sectors and regions, supporting organizations public and private, large and small (Bartels et al., 2013).

GRI, in collaboration with KPMG International, United Nations Environment Programme (UNEP) and The Centre for Corporate Governance in Africa (at the University of Stellenbosch Business School) assessed the developments in sustainability reporting instruments [1] worldwide. Some of their findings indicated a surge in the number of reporting instruments. Although mandatory reporting instruments dominated the total number of reporting instruments, the growth in voluntary instruments are strong as well. "Governments and regulators increasingly require or encourage companies to disclose sustainability information in their reports, but almost one third of reporting instruments apply exclusively to large listed companies" (Bartels et al. 2016, p.9). (Bartels et al. 2016)

Accordingly, many studies have brought attention to the fact that sustainable issues have mainly focused on Large Enterprises (LE) and Multinational Enterprises (MNEs) (Hörisch et al. 2014; Džupina & Mišún 2014; Williams & Schaefer 2012; Bos-Brouwers 2009, Revell et al. 2009). One of the most common argument used for the focus on larger firms are their big impacts on the economy, environment and society (Hörisch et al. 2014). Yet, consider for example in the UK, it was estimated that Small-to-Medium Sized Enterprises (SMEs) are responsible for as much as 60 percent of industrial carbon dioxide emissions according to the Marshall Report in 1998, and the Environmental Agency in 2003 estimated that SMEs are responsible for 60

[1] Reporting instruments implies mandatory or voluntary, that requires or encourages organizations to report, or disclose on their sustainability related information (Bartels et al. 2016).

percent of commercial waste and 80 percent of pollution accidents (Revell et al. 2009). According to another study by Arena and Azzone (2012), SMEs in France are responsible for 40 to 45 percent of all industrial air emissions, water and energy consumption, as well as 60 to 70 percent of industrial waste production.

Spurring the focus on LEs and MNEs further, they have more activities, more stakeholders concerned with sustainability (public pressure), and are more in the public eye (higher levels of visibility), thus a sensitive corporate reputation (Džupina & Mišún 2014; Hörisch et al. 2014). SMEs in emerging economies are often employed as suppliers or sub-contracted by MNEs to either manufacture their components and/or products, or provide services to their (local) operations. In other words, most of the MNE's impacts (economic, environmental and social) occur through their supply chain and an extensive proportion of their impacts are produced through SMEs in those chains. (Plugge & Wiemer 2008) Hörisch et al. (2014) claimed that SMEs also contribute to economic and social security to numerous regions in developed countries.

SMEs[2] are individually small in size and economic power; nevertheless, they collectively produce an important part of GDP[3] and are commonly characterized as a backbone of all economies (Muller et al. 2016; Džupina & Mišún 2014; Plugge & Wiemer 2008). Consider for example, the European Commission reported that SMEs form the foundation of the EU28 economy, as a little under 23 million SMEs produced €3.9 trillion in value added and employed 90 million people in 2015. SMEs contributed to the non-financial business sector[4] tremendously, making up to 99.8 percent of all enterprises, 57.4 percent of value added, and 66,8 percent of employment. Furthermore, an extensive majority of the non-financial business sector SMEs are micro enterprises, accounting for almost 93% of all enterprises. (Muller et al. 2016)

Likewise, given the tremendous majority of enterprises that fall into the SME category, they collectively impose a significant impact on the global environment and society, accompanying

[2] Small to medium-sized enterprises (SMEs) employ less than two hundred and fifty people and do not exceed fifty-million-euro annual revenue (European Commision 2017).
[3] "Gross Domestic Product is the monetary value of all the finished goods and services produced within a country's borders in a specific period." (Investopedia n.d.)
[4] Consists of all sectors of the economies of the EU28 or Member States, except for financial services, government services, education, health, arts and culture, agriculture, forestry and fishing (Muller et al. 2016, p.4.)

a commonly quoted estimate in all global pollution contribution of 70 percent (Hörisch et al. 2014; Arena & Azzone 2012; Plugge & Wiemer 2008; Revell et al. 2009). It is slightly astonishing that SMEs have not been addressed more systematically (Hörisch et al. 2014; Džupina & Mišún 2014), since SMEs represent such an important part of an economy considering their crucial importance in sustainable development (Revell et al. 2009). Accordingly, scholars and policy makers are increasingly acknowledging the fundamental role that small organizations must play in solving sustainable problems (Revell et al. 2009).

Sustainability management tools[5] have been promoted for both large and small organizations to produce sustainability reports (Hörisch et al. 2014; Arena & Azzone 2012). SMEs continue to face barriers which have been portraying them as laggards when incorporating sustainable measures into their everyday business operations (Arena & Azzone 2012). Several factors explain the limited application of sustainable tools whose most noticeable characteristics have been identified as size, time, capital, knowledge, and skilled personnel which limits their resources (Hörisch et al. 2014). Hörisch et al. (2014) further claimed that knowledge is a key driver and difference between SMEs and large organizations as knowledge is required for the implementation of sustainability management tools and corporate sustainability strategies. Moreover, SMEs know and apply notably fewer tools than large organizations and therefore knowledge also determines a company's degree of applying sustainability tools (Hörisch et al. 2014).

GRI similarly imply that the management behavior of an organization's activities across all three dimensions (economic, environmental and social) indicate the seriousness in their responsibilities. Therefore, GRI wants to develop a demonstration in indicators of an organization's triple bottom line. (Buhr et al. 2014) Indicators arise from values and create values through which they also simplify, quantify, examine, and communicate the complex and complicated information (Singh et al. 2009). However, Arena and Azzone (2012) stated that the available instruments are unfit for SMEs due to their complexity and formal procedure requirements. Thus, researching the reporting of these indicators can indicate how serious SMEs are currently taking sustainable reporting, and supply an indication which indicators are presently most commonly reported on by SMEs.

[5] "Sustainability management tools can be defined as management instruments and systems that support companies to implement corporate sustainability." (Hörisch et al. 2014, p.765)

Fundamentally, SMEs are viewed as the backbone of an economy and are valuable to global supply chains, they exert considerable pressure on society and the environment. Since more attention has been drawn to SMEs over the years, SMEs are still scrutinized for being laggards in sustainability reporting as they face many barriers, and have also been studied less than large organizations. Despite the moderate amount of literature addressing SMEs accountability for sustainability issues, Williams and Schaefer (2012) voiced that even less attention has been given to environmentally pro-active organizations. They recognized that the views of pro-active organizations may be valuable since these organizations have previously dealt with some of the traditional business barriers and embrace the challenges and opportunities ahead of many of their peers (William & Schaefer 2012).

Consequently, the purpose of this thesis is shed light on the current state of SME sustainability reporting, focusing on the indicators they report on. The research objective is to explore the contemporary sustainability reporting practices in SMEs and question whether there is a pattern in frequently reported sustainability indicators. The thesis seeks to answer the following questions:

- Has sustainability reporting in SMEs developed over the years?
- Is there a link between the size of SMEs and the total number of sustainability indicators they report?
- What indicators are reported in the sustainability reports of SMEs?

The thesis begins with a literature review to gain a basic understanding of sustainable reporting and introduces the Global Reporting Initiative (GRI). It further summarizes Small-to-Medium Sized Enterprises (SMEs) reporting, providing the ground to understand the concepts for the significance of SME reporting. The literature review is written from a wider perspective to provide an overall view to the purpose of the thesis. Section 3 describes the methodology adopted by narrating the procedure followed in obtaining and recoding the research data. Next, results section 4 explains the results obtained and provides an analysis for some of the results produced. Section 5 discusses the results, states the limitations and provides recommendations for future research. Finally, section 7 concludes the thesis by summarizing the findings of the study.

2 Literature Review

2.1 Sustainability Reporting

The main objective of organizing contemporary economies in a capitalist market society is to maximize economic growth (Bartels et al. 2016), yet in this pursuit for economic growth, considerable damage is inflicted to society and the environment (Bebbington et al. 2014). To quote Buhr & Gray (2012, p. 425): "All organizations, to a greater or lesser extent, draw their resources from that environment and return their wastes and emissions to it. More subtly, but no less crucially, the very principles of business (however we choose to define them) profoundly affect how we as individuals and societies perceive and negotiate our relationships with each other and with the planet and the natural world – of which (whether we remember this or not) we are so much a part." Managing and balancing social, environmental and economic sustainability is a complexed challenge faced by organizations, both in the private and public sectors (Buhr & Gray 2012; Bebbington et al. 2014), which will require changes in practices as well as in ways of thinking (Bebbington & Fraser 2014)

In achieving a sustainable (or at least a less unsustainable) state, organizations play a key role in the struggle to make sense of, and operationalize, the concept of sustainable development (Tregidga & Milne 2006). As new beliefs are emerging that it can indeed pay to be green, since academic and professional literatures have increasingly challenged the traditional economic theory (Jones 2012), the concept of sustainable development has evolved into a pivotal organizing theme (Bebbington et al. 2014). Referring to Bebbington's (2014, p. 4) interpretation of sustainable development, it "tend to focus on how to organize and manage human activities in such a way that they meet physical and psychological needs without compromising the ecological, social or economic base that enables these needs to be met". Definitions can vary according to different stakeholder groups (Džupina & Mišún 2014) and has been defined in many ways. However, the notion of sustainability development has many shared elements with other concepts such as Corporate Sustainability (CS), Triple Bottom Line, and Corporate Social Responsibility (CSR). All these perceptions include the view of improving and integrating social (people), environment (planet), and economic (profit)

responsibility of organizational operations, and interaction with their stakeholders on a voluntary basis. (Bos-Brouwers 2009; Džupina & Mišún 2014)

Social, environmental and economic sustainability challenges pose many risks to (and many opportunities for) the performance of organizations (Bebbington et al. 2014). Thus, sustainable decisions made, hardly emerge out of financial information alone (GRI, n.d. b). Accordingly, as sustainability became a crucial upset of scientists, governments, business leaders and the public at large, the global sustainability challenges needed a joined-up response from different actors, where reporting is key (Bartels et al. 2013; Revell, Stokes & Chen, 2009).

Reporting can be thought off as a 'keyhole' through which organizations pledge understanding into their conception of sustainable development and their organization-environment relationship (Tregidga & Milne 2006). Reporting is the fundamental link between set goals and the data collected that shows what actions has been taken to attain those goals and what progress is being made (Bartels et al. 2016). Regardless of the form of reporting, it is driven by objectives and motivations, a calculated purpose to communicate a message to exhibit transparency, responsibility, and accountability (Buhr et al., 2014)

Attempts to report on sustainable impacts have become considerably more common among organizations (Bebbington et al. 2014). According to Schaltegger (2012 p.183), sustainability reporting has received significant amount of attention throughout literature and has been in the center of a large array of theoretical and empirical investigations. A potentially threating concept to businesses in the past, seems to be exercised by business organizations with some comfort presently. (Buhr et al. 2014)

2.1.1 How it started to today

Literature on social and environmental interaction with organizations has existed since the 1970s (Gurthie & Abeysekera 2006; Tregidga & Milne 2006), but reporting on the environment was only seen as 'a thing of the 1990s' (Tregidga & Milne 2006). According to Jose and Lee (2007), the corporate environmental movement involved two distinct stages which can be characterized by different driving forces. The first movement was a compliance-based view as legal and regulatory considerations were the initial driving forces. The second stage was a competitive advantage-based view, driven by competitive advantage due to a better reputation

and technology, stakeholder expectations and sharper political acumen to influence public policy. (Jose & Lee 2007)

The profession of social auditing and reporting began to gather support perhaps five years behind the practice of environmental auditing and reporting (Buhr et al. 2014), growing to become one of the most important and meaningful concepts for governments and businesses (Buhr et al 2014; Tregida & Milne 2006). Buhr et al. (2014, p.55) stated that when social reporting joined the ranks of traditional financial reporting and environmental reporting, so did sustainability reporting materialize. Therefore, sustainability reports include environmental, economic and social aspects of corporate performance and is sometimes referred to as triple bottom line (TBL) or corporate social responsibility (CSR) reporting (Buhr et al. 2014).

Organizations started to present sustainability information in annual reports titled sustainability reports or sustainable development reports around the year 2000 (Buhr et al. 2014) and it had been steadily increasing over the years (Tilt 2001). Sustainability reporting incorporate the formal and official form of earlier corporate reporting, additionally include information about the social and environmental policies, impacts and performance, and the relationships between these aspects (Schaltegger 2012; Buhr et al., 2014). KPMG reported in 2015 that companies are improving at reporting environmental and social trends and risks that affects their business, even though the quality of Corporate Responsibility (CR) reporting has declined slightly since 2013 (King & Bartels 2015).

In its current form, sustainable reporting by an organization is some consolidation of communication on economic, environmental and social issues which might be in a stand-alone report or it might be part of an annual report. Sustainable reporting can further be found in various forms of communication such as print advertisements, press releases, securities filings, employee newsletters and corporate websites. (Buhr et al. 2014) Corporate annual reports by organizations can be perceived as a means to establish an image in the public domain through voluntary reporting, providing a 'snapshot' of the mindset of corporate management and presenting a 'reality' of corporate life (Gurthie & Abeysekera 2006). Similarly establishing effects on how concepts and organizations are perceived; metaphors, imagery and symbolism are utilized in a certain fashion today (Tregida & Milne 2006). Sustainability reports are released by all types, sizes and sectors of companies and organizations, from everywhere in the world (GRI, n.d. b).

A KPMG survey of Corporate Responsibility (CR) Reporting in 2017 reported that 75 percent of the N100[6] companies currently report on CR, risen by 2 percentage points from 2015 (73 percent). Where under the G250[7] companies the rate is over 90 percent, being stable between 90 and 95 percent for the last four surveys. As seen from the figure 1 below, CR reporting is stabilizing at a high level. Yet driven by new reporting legislation in certain countries such as Mexico, New Zealand, and Taiwan, the reporting rate for N100 companies continue to catch up steadily with G250. (King & Blasco 2017) King & Bartels (2015) explained that the stabilization indicated by the N100 companies suggests that future growth in CR reporting is possibly going to occur in smaller increments where the fluctuation between 95 percent and 92 percent is primarily due to the alternate arrangement of the G250 lists. They further describe that the key motive for CR reporting remains legislative (a growing trend of regulations is demand for non-financial information to be published by companies) (King & Bartels 2015).

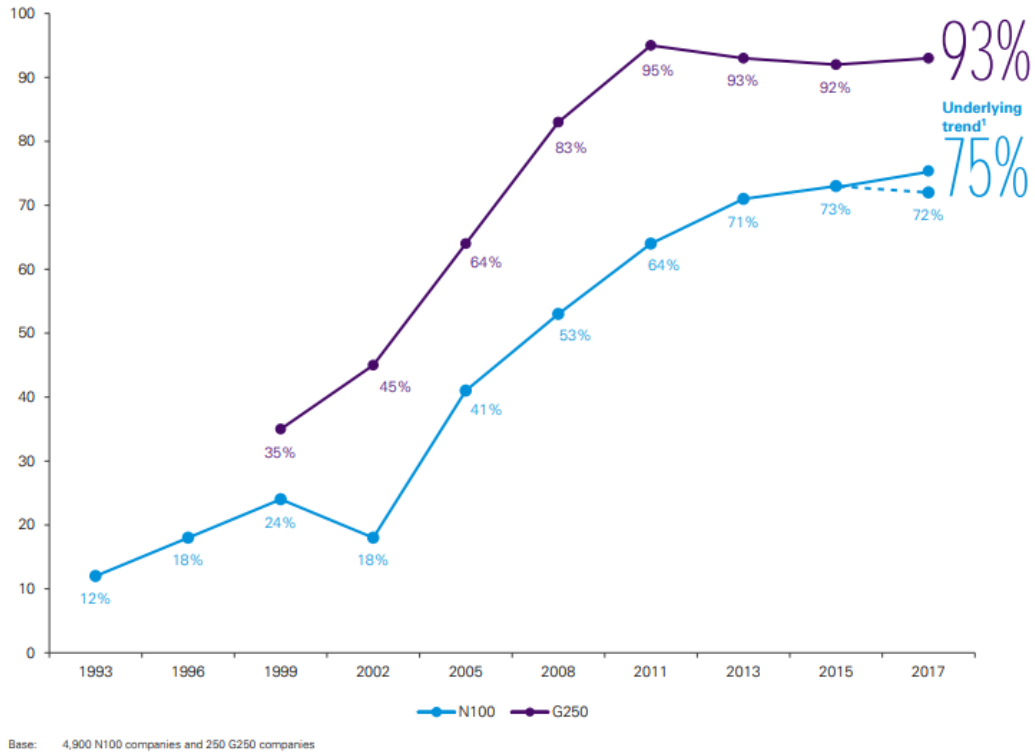

Figure 1: Growth in global CR reporting rates since 1993
(Source: KPMG Survey of Corporate Responsibility Reporting 2017)

[6] The N100 Companies: The world's largest 100 companies in 45 countries, thus 4,500 companies in total (King, A. & Bartels, W. 2015) Where in 2017, the N100 refers to the top 100 companies by revenue in each of the 49 countries, thus 4,900 companies in total (King & Blasco 2017).
[7] The G250 Companies: The world's largest 250 companies, identified as the top 250 companies listed in the Fortune Global 500 rankings for 2014 (King, A. & Bartels, W. 2015) Where in 2017, the world's 250 largest companies by revenue based on the Fortune 500 rankings in 2016 (King & Blasco 2017).

Presently a solid established global trend for making it easier on stakeholders to access non-financial information, is to include CR data in annual financial reports. Illustrated by the figure 2 below, rate of inclusion in annual reports rises, with a clear majority of 78 percent of the world's top companies (G250). The annual financial reports published by the N100 companies, included CR information at a rate which almost tripled in four years (from 2011 to 2015) and now stand at 60 percent in 2017. Thus, almost 3 in 5 companies includes CR information in their annual financial reports. (King & Blasco 2017; King & Bartels 2015) Bartels stated this trend is driven by two factors: "CR information is increasingly perceived by shareholders as relevant for their understanding of a company's risk and opportunities" and "stock exchanges and governments are issuing requirements for companies to report on CR data in annual reports" (King & Bartels 2015, p.36).

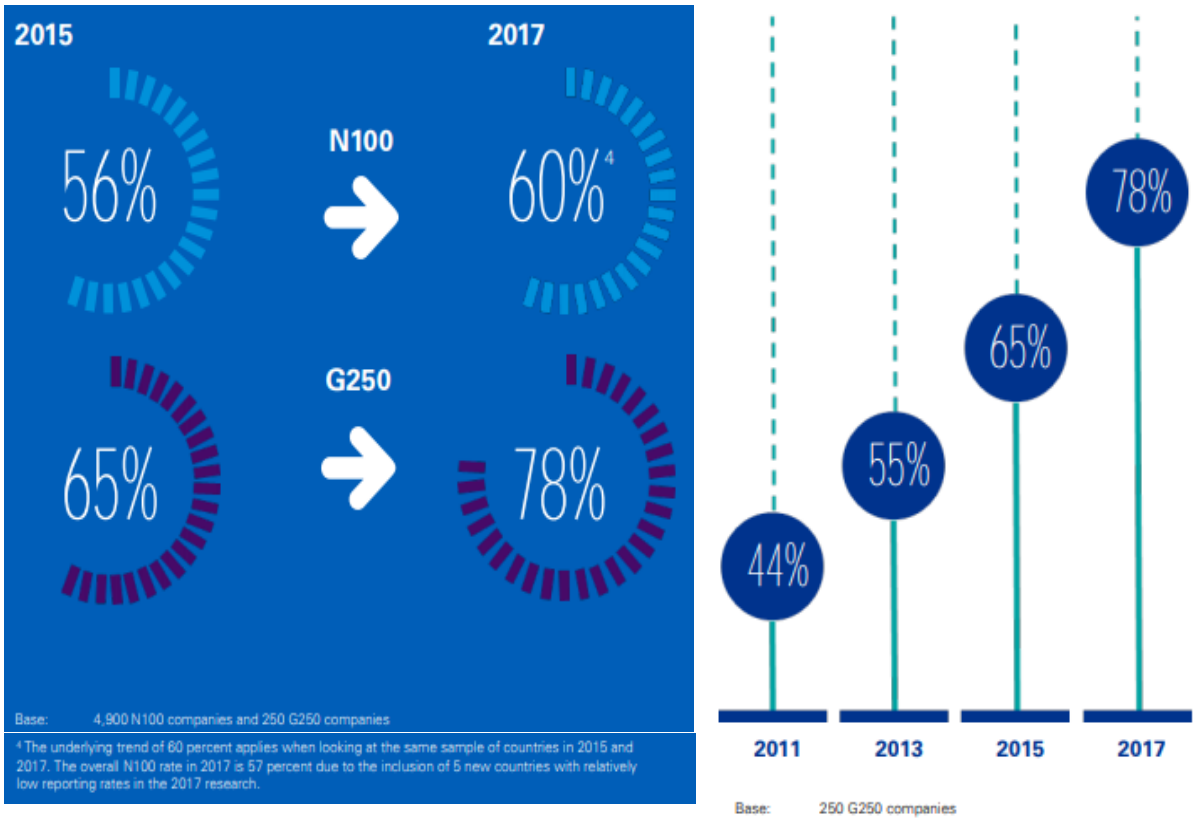

Figure 2: Companies that include CR information in annual reports (Source: KPMG Survey of Corporate Responsibility Reporting 2017)

2.1.2 The SME Conundrum

Due to global value chains, there is a growing trend in the sustainability movement, such as sustainable reporting, to continuously focus more on SMEs as MNEs, LEs and SMEs are part of a holistic solution to create a more sustainable world (Plugge & Wiemer 2008). Like large organizations (MNEs & Les), pressure on the environment and the society can be exerted by SMEs, even though small in size but through their combined impact of many small activities (Arena & Azzone 2012). SMEs play a critical role in global value chains, producing the bulk of components in raw materials, goods and services utilized in a final product by a large organization's brand (Bartels et al. 2016; Plugge & Wiemer 2008). Thus, SMEs is an important and hugely underestimated contributor to the world economy and impacts on the global environment and society (Muller et al. 2016; Džupina & Mišún 2014; Hörisch et al. 2014, p.766; Plugge & Wiemer 2008; Revell et al. 2009, p.275).

A clear majority of organizations fall into the SME category, roughly represents 99 percent of all businesses (80 percent of all globally registered enterprises (Hörisch et al. 2014)) and generate around 80 percent of job opportunities in the European Union (EU) (European Commission 2017; Džupina & Mišún 2014). As expressed in the introduction, SMEs form the foundation of the EU28 economy with a little below 23 million SMEs produced €3.9 trillion in value added and employed 90 million people in 2015, contributing to the non-financial market by up to 99.8 percent of all enterprises, where an extensive majority of the non-financial business sector SMEs are micro enterprises, accounting for almost 93 percent of all enterprises. (Muller et al. 2016). Hence, in the past it was mainly large organizations who reported on their sustainability impacts, where SMEs were displayed as laggards who underplay their sustainable impacts due to perceived costs (Revell et al. 2009).

It was voiced that there has been a scarcity of research into how SMEs partake in sustainability concepts in general, for instance environmental and social performances (Williams & Schaefer 2012; Bos-Brouwers 2009). Even though SMEs and large organizations operate in the same environment, SMEs face different problems than larger organizations when embracing sustainable tools and producing sustainable reports, thus they operate in different ways (Arena & Azzone 2012).

The most noticeable difference between large organizations and SMEs is their size[8], consequently the number of employees and scale of operations (Hörisch et al. 2014). SMEs can further be classified into three categories of enterprise size: micro, small, and medium (Muller et al. 2016). Table 4 below, illustrates company size classification according to the European Commission. Company size is more often used as a characteristic that affects a company's CSR in many studies (Džupina & Mišún 2014), where literature claims company size positively affect application (Hörisch et al. 2014).

Table 4: EU Classification of SMEs

Company Category	Employees	Turnover	Balance sheet total
Micro	< 10	< €2 million	< €2 million
Small	< 50	< €10 million	< €10 million
Medium -sized	< 250	< €50 million	< €43 million

(Source: Annual Report on European SMEs 2015/2016.)

Large organizations generally have higher scale of operations, resource availability (Hörisch et al. 2014), the administrative systems, locus of control, corporate reputation and communication motives in place (Bos-Brouwers 2009), and accordingly, are more probable to implement sustainable management. Large organizations are also likely to accept the initial costs and devote the necessary personnel to implement sustainable reporting due to the slack resources at their disposal (Hörisch et al. 2014). SMEs typically engage less in voluntary sustainability initiatives given their lower visibility, smaller scale of operations, and struggle with resource poverty, low degree of formalization and low general reporting priorities (Hörisch et al. 2014; Bos-Brouwers 2009). Other characteristic differences between large organizations and SMEs are summarized in Table 5 below, where these characteristics also lead to innovative differences. (Bos-Brouwers 2009, p.419)

[8] "The size-class definition used in the report is the same utilized by the European Commission, used in the Structural Business Statistics (SBS) database maintained by Eurostat where the definition is solely based on the number of people employed" (Muller et al. 2016, p.4).

Table 5: SME & Large Organization Characteristics

SME	Large Organizations
Dominant role of the entrepreneur/owner	Delegated management control between board of directors and shareholders
Resource poverty (capital, time, knowledge and skilled personnel)	Economy of scale, resource abundance
Flexible organization capacities	Bureaucratic rigidity
Focus on short-term	Focus on mid to long term
Strong local/regional focus and customer needs orientation	Strong (inter)national focus and looser ties with customers
Low degree of formalization	High degree of formalization

(Source: Bos-Brouwers 2009, p.419)

Unfortunately, some of these characteristics affect SMEs unfavorably for sustainable innovation and draw together several factors and barriers faced by SMEs, which be motives for SMEs lagging in understanding, managing and integrating sustainable issues into their corporate strategies (Jansson et al. 2015; Revell et al. 2009). Many SMEs are limited in capacity to tackle problems and incorporate sustainable innovation due to resource poverty in terms of capital, knowledge and specialized/skilled personnel, and lack of sufficient time (Jansson et al. 2015; Džupina & Mišún 2014; Arena & Azzone 2012; Bos-Brouwers 2009; Plugge & Wiemer 2008). Hence, SMEs have frequently been found to have limited ability and willingness to engage with voluntary sustainable issues (Arena & Azzone 2012; Williams & Schaefer 2012). They have also been known to be ignorant of their sustainable impacts as they believe they have no significant impacts, resistance to voluntary action due to the perceived cost, and skeptical about the benefits of sustainability (Jansson et al. 2015; Williams & Schaefer 2012; Revell et al. 2009).

SMEs depend significantly on interpersonal relationships with different stakeholder groups such as customers, shareholders and employees (Džupina & Mišún 2014). Accordingly, SMEs are hindered by financial and managerial resource constraints, as they are often reliant on a small number of customers and employees (Williams & Schaefer 2012), but on the other hand, networking capacities and behavioral innovative advantages show that SMEs are capable to overcome these shortcomings (Bos-Brouwers 2009). Owner-managers mostly enjoy greater freedom of decision-making than LEs, as well as owner-manager's personal responsibility and motivation are fundamental in strategic direction and in turn can lead to higher social and environmental engagement (Williams & Schaefer 2012). On top of that, managers of SMEs form very strong mutual help relations as they are very sensitive to their internal stakeholders

such as customers, employees and suppliers and can be satisfied with 'satisfactory' profits rather than 'maximum' profits (Džupina & Mišún 2014, p.287).

Arena & Azzone 2012 stated that sustainable 'proactive strategies' has only been adopted by a few SMEs where Bos-Brouwers 2009 further explained, SMEs focus on short-term conflicts where sustainability innovations are long-term focused. To quote Arena and Azzone (2012, p.670), "This is not solely due to scant interest in sustainability among SMEs, but also to a lack of the operational tools required to make proactive strategies truly effective". Even though the degree of sustainable activities differs between large organizations and SMEs, Bos-Brouwers (2009, p.421) noted that rather than question whether large organizations are more innovative than SMEs, SMEs innovate differently from large organizations is more significant. An overview of these differences is illustrated in table 6, where it can be generally perceived that SMEs have behavioral advantages and disadvantageous resources in innovation (Bos-Brouwers 2009).

Table 6: SME & MNE Innovative Capacities

SMEs

Advantages	**Disadvantages**
Flexibility of organization • Less bureaucratic • Responsiveness to changing circumstances (technology and market) • Internal communications faster and more efficient Owner/Manager • Dynamic entrepreneurial • Horizontal leadership style • Direct role in innovation as ideas generator	Owner/Manager • Poor managerial skills (planning, inadequate delegation, lack of functional expertise or support) • Dependency on persons for survival • Lack of formalized planning Financial • Difficulties attracting venture capital and bank investments • Failure of innovation projects may be financially disastrous • High fixed costs for technological investments and start-up Labor • Difficulties attracting skilled personnel • Harder to update technological knowledge
Large Companies	
Advantages	**Disadvantages**
Financial • Less difficulties attracting venture capital and bank investments • Innovation risks averted by diversity in production, sales and innovation projects	Management • Top management isolated from customers and work floor • Emphasis on short term cost-cutting instead of long-term infrastructural enhancements

Labor • Less difficulties in attracting skilled labor Knowledge • Participation in networks and conference visits to update (technological knowledge) • Information management systems Management • Decentralized management style with decision power on lower levels in the organization • Long-term strategic-management capabilities	Labor • No entrepreneurial fanatics tolerated Flexibility of organization • Bureaucratic highly formalized organization structure

(Source: Bos-Brouwers et al. 2009 p.420)

CSR in large enterprises is mostly affiliated with strategies, policies, producers and results, where SMEs seldom have codified social and environmental policies and seem to participate in considerably less sustainable behaviors and issues (Williams & Schaefer 2012). Arena and Azzone (2012) claimed that most tools available to support companies in generating sustainability reports, apply to large organizations. On the contrary, Hörisch et al. (2014) claimed that SME-friendly sustainable management tools have been outlined and proposed, although it can be perceived that SMEs engage less in sustainable management compared to large organizations, since SMEs are less likely to apply sustainable management tools[9]. As a result, sustainability reporting practices among SMEs are not very common (Plugge & Wiemer 2008).

2.1.3 Benefits of Sustainability Reporting

Enabling organizations to be transparent about their risks and opportunities is a benefit of the sustainability reporting process, which also ensures considerations for its impacts on these sustainability issues, and helps build and maintain trust as increased transparency leads to better decision making (GRI, n.d. b). Kalev and Wallace (2012) expressed that organizations have a higher market value which adopts CSR policies and CSR factors that have been identified as having a positive relationship with performance of the organizations are eco-efficiency, customer satisfaction and reputation. Therefore, it was also rumored that organizations would be in a beneficial situation to make profits from their operations and create shareholder value

[9] "Sustainability management tools can be defined as management instruments and systems that support companies to implement corporate sustainability. They usually help companies to achieve a specific sustainability related objective, such as the provision of information form of a life cycle assessment." (Ho et al. p.765-766)

as to organizations who ignore CSR policies are more prone to wreck shareholder value because of higher employee turnover rates, loss of reputation or legal action (Kalev & Wallace 2012).

An effective sustainability reporting cycle that incorporate a regular data collection program, communication, and response should benefit all reporting organizations, internally and externally. Internal benefits can include elements such as understanding risk and opportunities, comparing performance information between organizations and sectors, or influencing and streamlining long term strategies and business plans. On the contrary, external benefits of sustainability reporting can include brand loyalty, improving reputation, enabling external stakeholders to comprehend the organization's true value, or mitigate negative sustainable impacts. (GRI n.d. c)

Revell et al (2009, p.275) further revealed numerous benefits from academic literature where sustainability management can result in, "improved competitiveness, materials efficiency, staff commitment, positive community relations, lower insurance premiums, cheaper finance, and improved media coverage". Additionally, financial savings, environmental improvements, social betterment, and improved product quality are benefits which active CSR policy can bring for SMEs, serving as a vital competitive advantage (Džupina & Mišún 2014).

Whilst there is no doubt of the potential, SMEs may not realize these benefits as a competitive advantage or find it challenging to convert these benefits into a competitive advantage, as it has been revealed that SMEs are mostly unaware or lack understanding about the related benefits originating from sustainable activities (Hörisch et al. 2014; Williams & Schaefer 2012; Revell et al. 2009). Consequently, seeking relevant information on their own are not probable and additionally they might not be easily persuaded to consolidate voluntary networks (Hörisch et al. 2014).

2.1.4 Motivations for Sustainability Reporting

There are several theories which may explain the motivation for organizations to comply with sustainable regulations or partake in sustainable reporting (Schaltegger, 2012). Albino et al. (2009) addressed three main categories of motivation, specifically legitimacy [10] ,

[10] Legitimacy includes complying with legislation, establishing an environmental committee, conducting environ- mental audits and developing networks with the local communities (Albino et al. 2009)

competitiveness[11], and social and ecological responsibility[12]. Where according to Buhr et al. (2014) the most popular theoretical motivators are accountability, legitimacy, political economy, stakeholder pressure[13] and institutional theory.

Consistent with institutional theory which assumes that organizations are seeking stability, Bebbington and Fraser (2014) noted that organizations are change resistant, that there needs to be a disturbance before any change exists. Thus, they suggested that disturbances could include for example, changes in government policies or commercial relationships within an industry/economy. Even changes in technology and/or ways of working within an industry/economy and relationships with stakeholders or social expectation about certain events. Further, disturbances might emerge from the natural environment itself, for instance raw material availability and location. Therefore, changes in some aspect of organizational life might be led by any of these changes on their own or in concert with each other. (Bebbington & Fraser 2014)

Jones (2012) noted a different rationale for sustainability change, the effectiveness to go beyond compliance with laws and regulations, or in other words embrace over-compliance. Over-compliance is linked with shareholder value creation (Buhr & Gray 2012), where it may also provide the possibility for strategic competitive advantages such as raising rivals' costs, early-mover's advantages, and the creation of 'green goodwill' (Clarkson 2012; Jones 2012). In addition, an advantage to over-compliance can reduce the risks of future litigations and/or obligations in lessen future expenditure (Jones 2012). It is further argued that regulation compliance can trigger innovations, which can enhance cost efficiencies associated with the production process, for instance, substitution of less costly materials or converting waste into more valuable forms (Clarkson 2012). Therefore, compliance can be seen as beneficial, positive and far-reaching in the long term (Buhr & Gray 2012).

[11] Several benefits that can arise due to an increased competitiveness: increased efficiency in the use of resources, return on investment, increased sales, development of new markets, improved corporate image, product differentiation and enhanced competitive advantage (Albino et al. 2009)
[12] Social responsibility, deriving from the concerns that companies have for social obligations and values (Albino et al. 2009), thus a more general concern for the public good (Williams & Schaefer 2012).
[13] Different stakeholder groups such as customer, local communities, environmental interest groups and other, put great pressure on organizations, attempt to influence activities and reporting by way of measures such as antagonism, cooperation and collaboration (Rinaldi et al 2014; Williams & Schaefer 2012).

The maintenance and enhancement of an organization's reputation is a powerful force that likely motivates and drives 'voluntary' compliance as well. In turn, todays organizations pay a great deal of attention to 'rankings' based on both perceptual and factual data, using an index of some sort. Being ranked is viewed as a value-enhancing proposition, thusly, ranking in reputation. (Ratnatunga & Jones 2012a) Rinaldi et al. (2014) further suggests 'voluntary' compliance is also driven by managers' philosophical motives to release social and environmental information, as in some countries or sectors, it is required by regulation for organizations to publish social and environmental information.

Williams and Schaefer (2012) noted that the most significant motive for SMEs engaging in sustainable issues were personal values[14] and beliefs. Personal experience strengthens or weakens personal values and are gained by society or family education, where corporate values are strongly influenced by personal characteristics together with the level of individual growth of management (Džupina & Mišún 2014). Džupina & Mišún (2014) further argue that SMEs are prepared to sacrifice some of their profits for the greater good and very often, they are 'unknowingly socially responsible' for the reason that sustainable initiatives originate from businessmen's personal values and beliefs. Therefore, Williams and Schaefer (2012) suggested when trying to encourage SMEs towards greater sustainable engagement, key informants such as local governments and business advice organizations should actively concentrate more on personal values and a sense of being able to advance the value of sustainability in their businesses rather than emphasizing on the business case and cost argument.

Regardless of the huge importance in manager values shown in previous research, Jansson et al. (2015) observed that it is still unclear on the degree to which positive attitudes turn into action. In a study among Swedish SMEs which examined the relationship between market orientation (MO), entrepreneurial orientation (EO), owner-manager values and commitment to sustainability, Jansson et al. (2015) found that management values, not related to sustainability commitment and that the results favor MO, EO and sustainability practices to be related to sustainable commitment in SMEs.

Besides in a cross-sector survey of 220 UK SMEs found that owner-managers started to accept the responsibility to help solve sustainable problems, where they are willing accept tougher

[14] Personal values are concepts or beliefs about proper standards of conduct to guide and evaluate preferred or desired behaviours, results and events (Williams & Schaefer 2012; Džupina & Mišún 2014)

regulations and taxation costs. These SMEs were further motivated by the 'pull' of potential savings, new customers, higher staff retention and good publicity, rather than the 'push' of legislation. They were also aware of the advantage, that strong early action outweighs costs and bring opportunities. Therefore Revell et al. (2009) concluded that there are indications that SMEs may be having a change of mindset towards a business case for sustainability even though skepticism still lingers on the overall profitability. (Revell et al. 2009)

2.1.5 Limitations, Criticism and Challenges of Sustainability Reporting

No matter how well argued, there are undoubtedly limits to any organization's sustainable attempts (Buhr & Gray 2012). With thorough examination of sustainable reports and utterances, it reveals a fixation on the organization itself first and the organization's interactions with society, economy and physical environment only second (Buhr et al. 2014). Sustainability reports are being judged as prejudice and self-laudatory (only showing the good side), and several authors call attention to the risk of window dressing or otherwise known as greenwashing (Bos-Brouwers 2009). Utilizing window dressing or greenwashing, critics argue that some organizations provide sustainability information as a public relations tool to win and/or maintain their valuable stakeholders support, and at the same time playing down the interests and needs of less powerful stakeholders (Bebbington et al. 2014).

The term 'sustainability' is interchangeably used in the business community with greater regularity, but as Buhr et al. (2014) asked, what do organizations and their managers mean when they report or express the term sustainability. Mentioned before, sustainability reporting is considered to be synonymous to other non-financial reporting terms such as triple bottom line reporting or corporate social responsibility (CSR) reporting (GRI n.d. b), and thus a fundamental problem to the concept of sustainability, is that there is a vagueness to what it entails (Džupina & Mišún 2014). To quote Buhr et al (2014, p.55), "The voluntary and unregulated nature of reporting contributes to the confusion. There is no standardized terminology that can be used unambiguously to interpret report content or reporting developments."

Another problem that plagues sustainability reports are standardization or uniformity (Jose & Lee 2007). Bartels et al. (2016 p.3) reported that there is a "surge in sustainability reporting instruments in place (almost 400 instruments in 64 countries)", which shows an increased

commitment, but the “large number and variety of instruments can also pose challenges for reporting organizations”. They also state that alignment and harmonization must be a key goal for those responsible for developing reporting instruments (Bartels et al. 2016).

The current financial accounting information system also seem to provide an inadequate framework for reporting on how environmental and social responsibilities are met by the organization. An accounting strength to shareholders is quantifying in monetary terms, however, it has been a weakness in matters of environmental and social performance, as impacts cannot always be valued in monetary terms. (Ratnatunga & Jones 2012b) Nevertheless, like current financial accounting information systems, conventional management accounting systems and practices still have limitations that make it difficult to collect and utilize sustainable data, where this can lead to missing, inaccurate, misinterpreted information, and consequently sub-optimal decision-making. (Buhr & Gray 2012) To quote Coulson and O’Sullivan (2014, p.124):” How to evaluate the impacts of social and environmental performance on profitability remains a problem for product providers and their market constituents. Thus, a debate on the degree to which profit may be sacrificed for ethics is questionable, …”.

Contrary to these criticisms, Tregidga and Milne (2006) argues that sustainable development is now something that can be measured and managed through scorecards. More obviously, reports on the organization’s environmental and social impacts no longer stands in opposition to financial reports where theses sustainable development reports reinforce a view of the environment through the lens of business as usual (Tregidga & Milne 2006). Regardless, there are still many organizations that do not incorporate sustainability issues in their usual business since most of the instruments are predominantly voluntary (Lodhia 2012). Lodhia (2012, p.5) stated that the voluntary mechanisms have improved corporate performance but nearly not significantly enough, that mandatory initiatives have a greater extent to change ‘the business as usual’ approach. Both voluntary and mandatory initiatives have enabled sustainability to be a critical part of corporate agenda (Lodhia 2012), but the publication of sustainability reports has been a responsibility of motivation of the organizations themselves (Buhr et al. 2014).

2.1.6 Reporting Instruments

“As sustainability reporting becomes ever more integral to global action on environmental and social problems, so too do the policies, regulations, standards and other instruments that require

or encourage organizations to report" (Bartels et al. 2016, p.3). According to Bartels et al. (2016), reporting instruments that surpass national boundaries can refine comparability and efficiency of reports in a globalized economy, and strong reporting standards incur a vital task to enable effective assurance. It was further stated that there is a growing movement for national policy and instruments to strengthen existing international CSR or reporting frameworks. (Bartels et al. 2016)

Organizations are supported by numerous initiatives in developing sustainability strategies and reporting by offering tools guidance and inspiration. There are various internationally-accepted sustainability frameworks and additional instruments, where some have an extensive sustainability breath, where others focus on a specific sector or a single issue (such as greenhouse gas emissions or climate change). (Bartels et al. 2016) Additionally, there are various voluntary initiatives and certification schemes in specific industries that highlights the response of industries in managing sustainability affairs specific to sector operations (Lodhia 2012). Bartels et al. listed some the key frameworks and other instruments:

- Global Reporting Initiative (GRI)
- The International Integrated Reporting Council (IIRC)
- The sustainability Accounting Standards Board (SASB)
- United Nations Global Compact (UNGC)
- OECD Guidelines for Multinational Enterprises
- ISO 26000
- Carbon Disclosure Project (CDP)
- Greenhouse Gas Protocol (GHG Protocol) Corporate Standard
- International Labour Organization (ILO) Tripartite declaration of principles concerning multinational enterprises and societal policy
- UN Guiding Principles on Business and Human Rights
- UN-supported Principles for Responsible Investment (PRI) Reporting Framework
- Climate Disclosure Standard Board (CDSB)

(Bartels et al. 2016)

It should be noted that the frameworks can be further distinguished among normative, management and reporting frameworks. Normative frameworks aid organizations measure their impacts and shape sustainability vision and management approach, for example the UN Global

Compact Principles and the OECD Guidelines. A management standard such as the ISO 26000 provides guidance for organizations on the definitions and concepts of CSR. Reporting frameworks like the GRI's Sustainability Reporting Standards equip organizations with disclosure items and metrics. (Bartels et al. 2016) There has been no scarcity of codes and guidelines with initiatives while experimentation has played a role in sustainability reporting development, but according to Buhr et al (2014, p.62) the GRI guidelines has been the most influential, published and regularly updated since 2000.

2.2 Global Reporting Initiative (GRI)

"GRI is an international independent non-profit organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues" for instance climate change, human rights, governance, social well-being, corruption and numerous others (Bartels et al., 2016, p. 25; GRI, n.d.a). GRI originated in 1997 by the Coalition for Environmentally Responsible Economies (CERES) with support from the United Nations Environmental Program (UNEP), involving an extensive multi-stakeholder governance and a comprehensive global consultation process (Lodhia 2012). The participation and expertise from reporting organizations and information users globally (GRI, n.d. a), provides credibility and international acceptance (Lodhia 2012). GRI also have the benefit of strategic partnerships with the Organization for Economic Co-operation and Development (OECD), the UN Global Compact, UNEP, and the International Organization for Standardization (ISO) (Bartels et al., 2013).

The GRI mission is to empower decision-makers to act towards a more sustainable world (GRI, n.d. a). Arena & Azzone (2012), voiced that GRI is the best know framework[15] for voluntary sustainable reporting and considered the most influential standard[16]. Referred to as triple bottom line reporting, GRI is built on a global set of voluntary guidelines for reporting on economic, environmental and social matters, set in international conventions and evolve

[15] "Frameworks are defined as a set of principles or guidelines provided to assist companies in their disclosure efforts" (Sew 2017).
[16] "Standards have a similar function to frameworks but exist in the form of more formal documentation that spells out the requirements and specifications that can be used to ensure sustainability efforts are consistently achieved" (Sew 2017).

constantly with new developments and changes in global issues. GRI guidelines and standards are freely available, with additional technical protocols and sector supplements. (Lodhia 2012) GRI is seen as a giant in the sustainability reporting guidelines and sustainability reporting frameworks, as it has been referenced in 42 countries, in thousands of published reports by companies in all sectors, unlicensed authorities and non-profits, even in governments or market instruments. (Bartels et al. 2016; GRI, n.d. b)

A KPMG survey of Corporate Responsibility (CR) Reporting in 2015 and 2017 reported that the Global Reporting Initiative (GRI) remains the most popular voluntary reporting guidance worldwide. Of all the CR reporters in the 49 countries surveyed, 63 percent referenced the GRI, and the GRI application rate for Stand-alone CR reports is 72 percent. Yet King and Bartels reported that the use of GRI declined among the world's largest companies, the G250 companies using the GRI framework declined form 81 percent in 2013 to 74 percent in 2015 and now to 75 percent in 2017. They further speculated the decline might be due to the introduction of the GRI G4 framework which could be deemed more complex than the previous frameworks or companies are applying CR information in annual or integrated reports and are moving away from applying GRI. (King & Blasco 2017; King & Bartels 2015)

2.2.1 The GRI Sustainability Disclosure Database

The GRI Sustainability Disclosure Database brings exposure for and grants access to sustainability reporting for a variety of stakeholders to search and locate information needed (GRI, n.d. d). It is an extensive archive of sustainability reports that stores and tracks critical reporting and associated organizational data (GRI, 2017). Sustainability reports published from 1999 until present day contribute to an extensive pool of data (GRI, n.d. d), as any type of report can be registered in the Database be it a sustainability, corporate responsibility, or integrated report, as long as it is publicly available (GRI, 2017).

GRI's Database stores and tracks analytical reporting and associated organizational data such as an organization profile and their report profile. Each organization possesses its own organization profile page. The organization profile offers information about the organization such as its name and a logo, a description of the organization, the size[17] of the organization,

[17] Classified as SMEs, Large Enterprises, or MNEs based on the EU definition of size (GRI 2017).

organizational type[18], sector and country it belongs to, etc. Each organization profile includes all the sustainability reports an organization has published in the database, accompanying a report profile which includes information such as the title of the report, the publication year[19], report type[20], adherence level, etc. (GRI 2017, p.5-10).

Sustainability reports can be classified according to their use of the different versions of GRI sustainability reporting guidelines. Different versions of the GRI guidelines applied in a report is indicated as follow: GRI-G1 (2000 issued), GRI-G2 (2002 issued), GRI-G3 (2006 issued), GRI-G3.1 (2011 issued), GRI-G4 (2013 issued), and GRI-Standards (issued in 2016 and currently valid). GRI reports can also be classified as GRI-Referenced, which uses individual GRI standards in their report content, or Citing-GRI, where explicit reference to the GRI guidelines is made in the reports. Additionally, sustainability reports can be classified as Non-GRI, as there is no reference to the GRI Guidelines or GRI Standards in these reports, although information on economic, environmental, social and governance performances are still reported. (GRI 2017) Some reports might be omitted from the database, specifically if the report is not published online (GRI n.d. d)

GRI based or otherwise, the Database gives users access to all types of sustainability reports, supplying valuable information related to the reporting organizations. GRI reports[21] share is around 65% of the reports tracked in the database. The remaining reports are not based on GRI Guidelines or GRI Standards, nevertheless includes sustainability disclosures. (GRI n.d. d) The GRI database also possesses an advanced search functionality which allows the filtering and sorting of reports to search for a specific organization, or apply filters to help refine search results (GRI 2017; GRI n.d. d).

2.2.2 Principles and Standard Disclosures

G4 Guidelines is presented in two different documents, Reporting Principles and Standard Disclosures. Reporting principles are criteria used to guide decision making throughout the

[18] Private company, state-owned company, cooperative, subsidiary, public institution, non-profit organization, partnership (GRI 2017).
[19] Publication year is not the year or period the report covers but the calendar year the report was published (GRI 2017).
[20] GRI reports which are based on the GRI Standards or previous frameworks for (GRI 2017).
[21] GRI Reports are reports which use the GRI Sustainability Reporting Framework and have a GRI Content Index (GRI 2017, p.10).

reporting process, comprising of 10 reporting principles of which 4 principles are designed to be used in combination to define report content and 6 principles to guide choices on ensuring report quality. Standard disclosures are the GRI framework applied by an organization to prepare sustainability reports, consisting of two distinct types of standard disclosures, General and Specific Standard Disclosures. (GRI 2015; Rodriquez, 2014) The General Standard Disclosure consists of 58 general standard disclosures, illustrated in table 1 (GRI 2015).

Table 1: G4 General Standard Disclosure Overview

STRATEGY & ANALYSIS	**G4-1***	**G4-2**				
ORGANIZATIONAL PROFILE STANDARDS	G4-3* G4-9* G4-15*	G4-4* G4-10* G4-16*	G4-5* G4-11*	G4-6* G4-12*	G4-7* G4-13*	G4-8* G4-14*
IDENTIFIED MATERIAL ASPECTS & BOUNTDARIES	G4-17* G4-23*	G4-18*	G4-19*	G4-20*	G4-21*	G4-22*
STAKEHOLDER ENGAGMENT	G4-24*	G4-25*	G4-26*	G4-27*		
REPORT PROFILE	G4-28*	G4-29*	G4-30*	G4-31*	G4-32*	G4-33*
GOVERNANCE	G4-34* G4-40 G4-46 G4-52	G4-35 G4-41 G4-47 G4-53	G4-36 G4-42 G4-48 G4-54	G4-37 G4-43 G4-49 G4-55	G4-38 G4-44 G4-50	G4-39 G4-45 G4-51
ETHICS & INTEGRITY	G4-56*	G4-57	G4-58			

LEGEND - * requires General Standard Disclosures for both 'in accordance' criteria options

(Source: GRI 2015, p.21)

Specific Standard Disclosure consist of Disclosure on Management Approach (DMA) to narrate information on how an organization identifies, analyses, and responds to its actual and potential impacts; and Indicators which provides "information on economic, environmental and social performance or impacts of an organization's related material Aspects[22]" (GRI 2015, p.47). DMA contain sufficient information to explain an organization's response to economic, environmental, and social material Aspects and how these aspects are managed, but where aspects are not identified as material, it does not need to be covered in the report (GRI 2015). Indicators include 91 specific disclosures across three categories: 9 economic disclosures, 34 environmental disclosures, and 48 social disclosures where social indicators are divided into 16 disclosures in labor practices and decent work, 12 human rights disclosures, 11 society disclosures, and 9 disclosures in product responsibility, as illustrated in table 2. (GRI 2015)

[22] "Material Aspects are those that reflect the organization's significant economic, environmental and social impact; or substantively influence the assessment and decisions of stakeholders." (GRI 2015, p. 47)

Table 2: The Specific Standard Disclosure Indicators

CATERGORY	ASPECTS	ELEMENTS
ECONOMIC (EC)	Economic Performance	EC1 EC2 EC3 EC4
	Market Presence	EC5 EC6
	Indirect Economic Impacts	EC7 EC8
	Procurement Practices	EC9
ENVIRONMENTAL (EN)	Materials	EN1 EN2
	Energy	EN3 EN4 EN5 EN6 EN7
	Water	EN8 EN9 EN10
	Biodiversity	EN11 EN12 EN13 EN14
	Emissions	EN15 EN16 EN17 EN18 EN19 EN20 EN21
	Effluents and Waste	EN22 EN23 EN24 EN25 EN26
	Products and Services	EN27 EN28
	Compliance	EN29
	Transport	EN30
	Overall	EN31
	Supplier Environmental Assessment	EN32 EN33
	Environmental Grievance Mechanisms	EN34
SOCIAL – LABOUR PRACTICES AND DECENT WORK (LA)	Employment	LA1 LA2 LA3
	Labour/Management Relations	LA4
	Occupation Health and Safety	LA5 LA6 LA7 LA8
	Training and Education	LA9 LA10 LA11
	Diversity and Equal Opportunity	LA12
	Equal Remuneration for Women and Men	LA13
	Supplier Assessment for Labour Practices	LA14 LA15
	Labour Practices Grievance Mechanisms	LA16
SOCIAL – HUMAN RIGHTS	Investment	HR1 HR2
	Non-discrimination	HR3
	Freedom of Association and Collective Bargaining	HR4
	Child Labour	HR5
	Forced or Compulsory Labour	HR6
	Security Practices	HR7
	Indigenous Rights	HR8
	Assessment	HR9
	Supplier Human Rights Assessment	HR10 HR11
	Human Rights Grievance Mechanisms	HR12
SOCIAL - SOCIETY	Local Communities	SO1 SO2
	Anti-corruption	SO3 SO4 SO5
	Public Policy	SO6
	Anti-competitive Behaviour	SO7
	Compliance	SO8
	Supplier Assessment for Impacts on Society	SO9 SO10
	Grievance Mechanisms for Impacts on Society	SO11

SOCIAL – PRODUCT RESPONSIBILITY	Customer Health and Safety	RP1 PR2
	Product and Service Labelling	PR3 PR4 PR5
	Marketing Communications	PR6 PR7
	Customer Privacy	PR8
	Compliance	PR9

(Source: GRI 2015, p.22-23

2.2.3 Adherence Level

Not all the GRI standard disclosures need to be reported. The G4 Guidelines propose adherence levels for organizations to prepare its sustainability report 'in accordance' with the framework, independent of for its type, size, sector or location. The Core[23] option incorporates the vital elements of a sustainability report where in the Specific Standard Disclosure the organization should disclose the Generic DMA and at least one Indicator for each identified material Aspect. The Comprehensive[24] option builds on the Core option by requiring additional Standard Disclosures and all Indicators should be disclosed for each material Aspect identified. Both options focus on the process of identifying material Aspects which, reflect the significant economic, environmental and social impacts of an organization; or influence the assessment and decision of stakeholders substantively. It should be noted that the two 'in accordance' options (Core and Comprehensive) do not relate to the quality of the report or the performance of the organizations, it relatively reflects compliance with the Guidelines in sustainability reporting (GRI 2015). Another option available is where there is no explicit 'in accordance' option declared, but the report contains a complete G4 Content Index, it can be reflected as undeclared (GRI 2017).

The adherence levels reflect the extent to which the GRI sustainability reporting framework and GRI standard disclosures have been applied to a report (GRI 2017), whether reports produced according to the Core, the Comprehensive or Undeclared adherence levels, a complete GRI Content Index regarding the standards disclosed should be included in the report (GRI 2015, p.13). The standard disclosures consist of General Standard Disclosures and Specific Standard Disclosures where the GRI Content Index follow the illustration in table 3.

[23] Core option: supply the background against which an organization communicates the impacts of its economic, environmental and social and governance performance (GRI 2015).
[24] Comprehensive options: additional disclosures of the organization's strategy and analysis, governance, and ethics and integrity (GRI 2015).

Table 3: Illustration of the GRI Content Index

GENERAL STANDARD DISCLOSURES			
General Standard Disclosures (Such as G4-4)	**Page**	**Omissions** (for 'In accordance' – Comprehensive) In exceptional cases, provide reason for omission if it is not possible to disclose required information.	**External Assurance** Indicate if the Standard has been externally assured and include the page reference for the External Assurance Statement.

SPECIFIC STANDARD DISCLOSURES			
Material Aspects **List identified material aspects**[25]	**DMA and Indicators** List Specific Standards related to each identified material aspect. Include page number or link	**Omission** In exceptional cases, provide reason for omission if it is not possible to disclose required information.	**External Assurance** Indicate if the Standard has been externally assured and include the page reference for the External Assurance Statement.

(Source: GRI 2015, p.31-35)

2.2.4 Criticism

Guided by the influence of the GRI, thousands of the world's organizations, large and small, private and public, produce sustainability reports voluntarily. The GRI framework provides for noticeably flexibility in sustainability reporting which might have accelerated sustainability reporting in recent years. (Buhr et al. 2014) Claimed to be the most universally accepted standard for CSR reporting (Lodhia 2012), GRI is not without critics. Concern being the voluntary nature or enforceability of these guidelines (Bebbington et al. 2014; Lodhia 2012). Due to the voluntary nature of these guidelines, it has been argued that guidelines are cherry picked by organizations to report only on those indicators that present them in a favorable light which links compliance to an organization's self-interest instead to its accountability requirements (Lodhia 2012).

Seeing that SMEs can exert considerable pressure on the environment and society just like large organizations, and some SMEs do report on their sustainability impacts using the GRI framework, Arena and Azzone (2012) pointed out the specific features that makes GRI hardly applicable for SMEs. Firstly, they argue that the very large set of key sustainability indicators (91 specific standard disclosures in total) make it a costly reporting process for SMEs due to

[25] "The information reported for each identified material Aspect can be disclosed as DMA and as Indicator(s)." (GRI 2015, p.43) Material aspects are those that reflect the organization's significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders." (GRI 2015, p.47)

the amount of data to be collected and analysed. Secondly, the protocol defined in the GRI Framework for each indicator is not immediately applicable by SMEs and finally, comparably concise sustainability indicators are missing. Arena & Azzone (2012, p.671) further concluded that "These problems are not specific of GRI, but arise from a certain inherent feature of the international standards for sustainability reporting, …". In a quest to design guidelines that any company in any industry can apply, where the country and industry-specific nature of sustainability reporting require customise frameworks to a company's reality, large organizations might easily apply these frameworks, but fundamentally SMEs face barriers such as lack of expertise, skills, and resources which limits their capacity to prioritise key issues. (Arena & Azzone 2012)

2.3 SME Sustainability Reporting

It 'pays to be green' is a concept supported by evidence, although many SMEs struggle to adopt such strategies as only organizations with sufficient resources are able to actively undertake sustainability strategies (Clarkson 2012). Hörisch et al. (2014, p.775) explained best, noting that large enterprises possess large amounts of resources where it can commit numerous managers and entire departments to sustainability management, while "most SMEs dedicate one manger already wearing multiple hats to sustainability tasks". Presently new tools and approaches are being developed within the scope of a SME's strategic and competitive activities to manage social and environmental issues Rather than seeing a CSR strategy as an ad hoc expense, it should be considered as part of the organization's performance and competitiveness. (Džupina & Mišún 2014)

Policies, theories, and instruments appropriate for MNEs does not necessarily conform within an SME environment as there is some distinguishing features of SMEs that make their sustainability engagement potentially different from large enterprises, and consequently specification is necessary for SMEs (Williams & Schaefer 2012; Bos-Brouwers 2009). According to Džupina and Mišún (2014) it is possible to generalize recommendations for SMEs to adopt appropriate sustainable strategies, which match their vision, missions and corporate values. Yet it is dangerous to accept homogeneity of SMEs, as their characteristics vary essentially in size and history, and across regions, sectors, cultures and ownership structures (Džupina & Mišún 2014; Williams & Schaefer 2012).

According to Williams and Schaefer (2012, p.176), a "useful distinction between different types of SMEs may be their motivation for being in business" such as: high growth/high profit-oriented entrepreneurs (gazelles), often thought of being uninterested in ethical considerations; and 'normal' SME owners who desires a work-life balance, satisfied by 'sufficient' profits to earn a living and motivated by ethical personal interests and values. Thus, SMEs' engagement with environmental and social issues varies significantly between firms and therefore guides different approaches to sustainable strategies in organizations (Džupina & Mišún 2014; Williams & Schaefer 2012).

Hörisch et al. (2014, p.774) identified knowledge to be a crucial factor in the application of sustainability tools and implementation of corporate sustainable strategies. Their analysis revealed that larger organizations apply significantly more sustainability management tools, seeing as the factor by which larger organizations have greater access to knowledge through human and financial resources, thus they know more tools. In the analysis of the differences in application of sustainable tools between SMEs and large organizations, if a particular tool is known, suitable for both organizations, there appears to be no substantial differences that the particular tool would be applied. In realty, the main differences seem to be that SMEs are usually unaware of the existing tool, or probably do not possess (or devote) the resources to become informed. (Hörisch et al. 2014)

Williams and Schaefer (2012, p.179) recorded that SME mangers built a holistic general understanding of environmental and social issues, "on a diverse range of mostly popular sources such as the media and film, rather than information targeted at them as a business". Thus, these managers felt "they had limited knowledge in a technical sense" and only "related to the detail regarding what needed to be done at a practical personal and business level" which they perceive undermined their ability to make decisions" due to contradictions in detail (Williams & Schaefer 2012, p.180). Therefore, it may be justified that access to knowledge might be the most important driver for the application of sustainable management tools. It was further explained that knowledge also affects the degree of applying sustainability management tools, and plays a prominent role directing development and implementation of sustainable management by practitioners and academics without considering size. (Hörisch et al. 2014)

Considering the still fairly limited supply of literature focusing on SME sustainable implementation, Williams and Schaefer (2012) noticed that even less has paid attention at sustainable pro-active organizations. Essentially, the views of pro-active sustainable reporting organizations could be valuable as these organizations already seem to have overcome some of the traditional barriers SMEs face and are embracing the challenges and opportunities ahead of their peers (Williams & Schaefer 2012).

Existing findings indicated, that the basic social responsibility for SMEs is customer satisfaction, product quality and employee responsibilities such as health and safety of workers, education of employees, and employment policy and focus on 'green' production, reduction of environmental externalities (Džupina & Mišún 2014). Revell et al. 2009 found active involvement in recycling, energy efficiency, responsible buying and selling, and carbon emission reduction in a high percentage of owner-managers. Compared to SMEs, MNCs focus more on preserving natural resources, 'green' corporate policy and culture, and issues dealing with profit and business ethics (such as profitability, ethical behavior, transparency, and marketing ethics) (Džupina & Mišún 2014); where Jansson et al. (2015) added recycling, offering green products and services, and having an environmental management system.

Plugge and Wiemer (2008) distinguished in their research on SME sustainability reporting that material, water, energy and emissions aspects were easy for SMEs to report, as it was figures that was already measured prior to their project. "Indicators related to the day-to-day business of factories, such as injury logs and financial data, were generally easy to come by." (Plugge & Wiemer 2008, p.26). They further described that certain aspects were specifically difficult to report and thus speculated, that it might be due to specific systems that needed to be set-up to measure indicators (Plugge & Wiemer 2008).

Indicators are increasingly recognized as a powerful tool, "something that helps you understand where you are, which way you are going and how far you are form where you want to be" (Sustainable Measures 2010). It provides a communication tool on information in fields such as environment, economic, social, or technological performance of counties and corporates. (Singh et al. 2009). Singh et al. (2009) pointed out that sustainable development indicators are adopted by countries and corporate because indicators perform many functions and has the potential to assess and evaluate performance, present trends, and summarize, focus and condense complex information to a manageable amount of meaningful information. Indicators

additionally provide information to formulate strategies as well as communicating ideas, values and achievements to decision makers (United Nations 2007).

Arena and Azzone (2012) stated that the large set of key sustainability indicators featured in the GRI framework make it hardly applicable for SMEs. They additionally explained that available instruments are not fitting for SMEs due to their complexity, limited flexibility and formal procedure. Therefore, they added that the specificities from sustainability reporting frameworks make it difficult for SMEs to adopt large organization practices. Accordingly, to quote Arena and Azzone (2012, p.670) further, "One key need, in this connection, is for a standard set of generally accepted, understandable and reliable key sustainability indicators (KSIs), that can help distinguish a proactive SME form its competitors".

Mentioned before, in the past it was mainly MNEs that reported on their sustainability impacts and a debate whether SMEs should account for their sustainability impacts the same way large organizations do, is still ongoing (Bartels et al. 2016). More robust regulatory approaches are called for by some authors where compliance with regulations is perceived as an encouragement for initial sustainable engagement (Williams & Schaefer 2012). The overall idea is that SMEs differ in their situations and capacity from larger organizations which explains why SMEs relate differently to sustainability (Jansson et al. 2015). Therefore, policy makers and regulators are faced with a dilemma as greater regulation for very small organizations is not clear-cut; a decision to introduce instruments that mandate sustainability reporting by SMEs, as SMEs have limited resources to report, voluntary instruments have limited impacts (Bartels et al. 2016; Williams & Schaefer 2012).

3 METHODOLOGY

Content analysis was the method utilized in the thesis where the research design was quantitative. The thesis based its analysis on the contemporary sustainability reporting practices of SMEs. The study explored whether there is a pattern of frequently disclosed sustainability indicators SMEs report in their current sustainability reports. It was also scrutinized whether there is a correlation between the number of sustainability indicators SMEs disclosed and the size of SMEs. But first it was explored if there was an increase in sustainability reporting by SMEs as well as the share of SMEs that applied a sustainability reporting framework for their reports.

3.1 Sample Group

The empirical material consisted of the sustainability reports by SMEs who published and registered their reports in the GRI Disclosure Database and use the GRI-G4 guidelines as a framework for their sustainability reports. Altogether 52 reports were analysed. Noted before, GRI has been the most influential guidelines and are regularly updated. Therefore, the G4 guideline has been selected as it supports the tipple bottom line, recommending performance indicators relating to the organization's economic, social, and environmental performance. (Buhr et al. 20016)

The SMEs and their sustainability disclosures studied represented different operational business logics, regardless of country. Data was gathered form the organization's most recent sustainability report published and the report profile. Primarily the data gathered was economic, environmental and social specific standard disclosed in the GRI Content Index produced in G4 sustainability reports. The procedure executed to gather information/data consisted of several steps.

3.2 Data Collection

The GRI Disclosure Database[26] was employed to collect information on SME sustainability reports registered it in the Database. Specifically, the advanced search functionality available in the GRI Database was utilized to narrow the search to a specific or desired criterion. The GRI search field had the following advanced search filters available: size, sector, country, region, report type, and report year, as illustrated in figure 3.

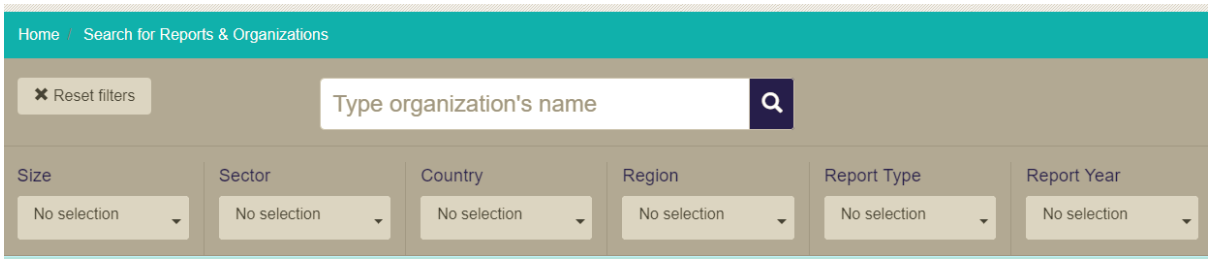

Figure 3: Example of Search Filters (GRI)

First the increase in SME sustainable reporting was explored by collecting data of the total companies who published sustainable reports per year, from 2008 to 2017. The database advanced search filters were set to SME, where the report year was changed for every year analysed from 2008 to 2017. No other filters were selected as the increase in SME sustainable reported were analysed regardless of sector, country or report type. Each year's result produced by the database for the total organisations of SMEs reported was noted in a table. The same procedure was applied to gather information on MNEs and large enterprises as well, for analysis purposes.

Second the share of SMEs who adopted the GRI-G4 report framework were scrutinized. The database advanced search filters were set to SME, where the report year was first changed to 2015 and the report type changed to G4, Non-GRI, Citing-GRI, G3.1 and G3 individually. All other search fields stayed blank where each report type produced a value of the total amount of SMEs who published a sustainability report for 2015. The value was noted down and the same procedure was done for the year 2016 and 2017.

Next the advanced search filters were set to report type G4 and report years 2017, 2016, and 2015 were selected for SMEs. Different operational business logics (GRI sector classifications)

[26] Link: http://database.globalreporting.org/

were selected in the advanced search filters. Thus, each sector selected individually in the Database, presented the total SMEs who published G4 reports between 2015 to 2017. Under their respective sector classification, the SMEs who registered their G4 reports between 2015 to 2017 was listed in an excel spreadsheet.

Each organization resulted from the search was selected and their most recent report extracted through a 'Link to the sustainability report PDF' in their company profile, since some of these organizations could have many registered reports in their company profile. Whenever the most recent report was not in English, or any of the reports published in 2017, 2016, and 2015, the organization was removed from the list. The organizations who published English reports were listed under their respective sectors, and information was gathered into four different spreadsheets created to group data according to general information, economic indicators, environmental indicators, and social indicators.

General information gathered of each organization included the country of the organization and the year of the most recent report published. General information from the reports extracted, recorded the adherence level (Core, Comprehensive or Undeclared) and the number of employees. Further, each report should include a GRI Content Index which summarise the G4 standard disclosures that was reported in the report. Thus, the sustainability indicators (economic, environmental and social indicators) listed in the GRI Content Index of the reports was recorded, each in their own spreadsheets according to the three dimensions. Six companies were removed from the data set as their reports were not complete or sufficient for the analysis.

Finally, the indicators recorded in their respective spreadsheets were totaled. They were totaled according to the number of indicators reported per company. They were also totaled according to the frequency of each indicator that was disclosed. The totaled amounts form the economic, environmental and social indicator data groups were summarized in a separate spreadsheet where charts were created for analysis.

Consequently, in the GRI sustainability reporting database there was a total of 134 sustainable reports published by SMEs, but due to language barrier, the total number of reports to be analyzed fell to 58. During the data collection, 6 reports were found not to have the sufficient information for the data and these organizations were removed from the empirical material. The total SME sustainability reports to be analyzed was 52. The reporting organizations analyzed

were quite diverse. The reports were from many different countries all over the world. The sustainability reports were also from different business logics, where one report is from example the consumer durables sector, and 7 reports from the food and beverage product sector. The year these 52 reports were published was almost equally spread out from 2015 to 2017, where 17 reports were published in 2017, 16 reports in 2016 and 19 reports in 2015. The adherence levels for the 52 reports resulted with 2 sustainability reports reported 'in accordance' to the Comprehensive option, followed by 5 'Undeclared' reports, and the rest pursuing the 'in accordance' Core option of 45 reports.

A detailed table of general information to the countries, sectors, published year and the adherence level of these reports, is supplied in Appendix 1. The total employees as well as the total indicators disclosed of these organizations were also included in the table, although the organization names were not.

3.3 Data Analysis

First the increase in SME sustainable reporting was explored. Each year's total amount of sustainability reports produced by the GRI database for 2008 to 2017 was recorded to create a line chart. The line chart included results from the total of LE and MNEs sustainability reports registered in the GRI database, where comparisons were drawn from the SME results.

Second the share of SMEs who applied the GRI-G4 report framework were scrutinized. All the values recorded for the different report types was used to produce a stacked bar chart for each of the total reports published in 2015, 2016 and 2017. The chart was used to analyse the share of reports who used a reporting framework in their sustainability reports, and the share that did not. It was further analysed if the reports applying a reporting framework increased.

The total amount of indicators disclosed in an organization was compared to the size of the organization. The size of an organization was determined according to the total employees it employed. Total revenue or turnover could not be used as basis for size classification since many SMEs do not disclose their financial records in public reports. The data was first incorporated into a scatter chart for analysis. The graph was found to be inadequate and did not show a clear picture of the results. Four organizations with the biggest number of employees

was seen as outliers and removed from the data where a new scatter chart was created for analysis. A bar chart was also created where the total employees (thus size of the organization) was arranged in chronological order and plotted against the total amount of indicators disclosed. In the bar chart the four largest organizations were included.

The average indicators disclosed by the 20 largest organizations and 10 largest organizations was calculated and recorded in a table. The same was calculated for the 20 and 10 smallest organizations. The averages were calculated for the total economic, environment and social indicators disclosed as well.

The frequency of an indicator disclosed was analysed using a chart for each dimension. The social category was divided into its sub-categories for chart analysis. Each category had its indicators listed in a rate of report table and calculated as follow: the indicators which received a high reporting rate of 50 percent or more, since the average indicator disclosure rate per company was computed to be 25 percent; and indicators who earned a low reporting rate of 20 percent and less. Due the quantity of indicators listed under high reporting rate, was found to be insufficient for analysis, the rate was lowered to 40 percent and the extra indicators was listed and scrutinized.

4 RESULTS

4.1 Increase in Sustainability Reporting

First the increase in SME sustainability reporting was analyzed by recording the total number of sustainability reports that was published for a certain year and incorporated into a line chart. Figure 4 shows the increase in sustainability reporting between 2008 and 2017. Information in the figure entails the total number of organizations who published sustainability reports in the GRI Database between 2008 and 2017; categorized each year according to the GRI's respective size classification Small-to-Medium Size Enterprises (SME), Large enterprises, and Multi-National Enterprises (MNE).

Figure 4: Increase in Sustainability Reporting (last updated 11 May 2018)

As seen from figure 4 above, sustainability reporting by organizations has increased in all three organization sizes (SME, Large and MNE), although in some more significant than others. 2017 has recorded a dip in all three organizational sizes as this might be due to the difference in the date when a company has published the report and the date when an organization registered its

report in the database. Thus, it is speculated that reports published in the end of 2017 could still be in the process of registering to the database in 2018.

4.2 Share of Report Types Published

Next the share of report types published for SMEs in the GRI Database were explored as illustrated by figure 5. The figure shows the total amount of SME who published sustainability reports in 2015, 2016, and 2017, which have been divided according to the report type they have adopted such as GRI-G4 reports, Non-GRI reports[27], Citing-GRI reports[28], and GRI-G3 and G3.1 reports in the respective year.

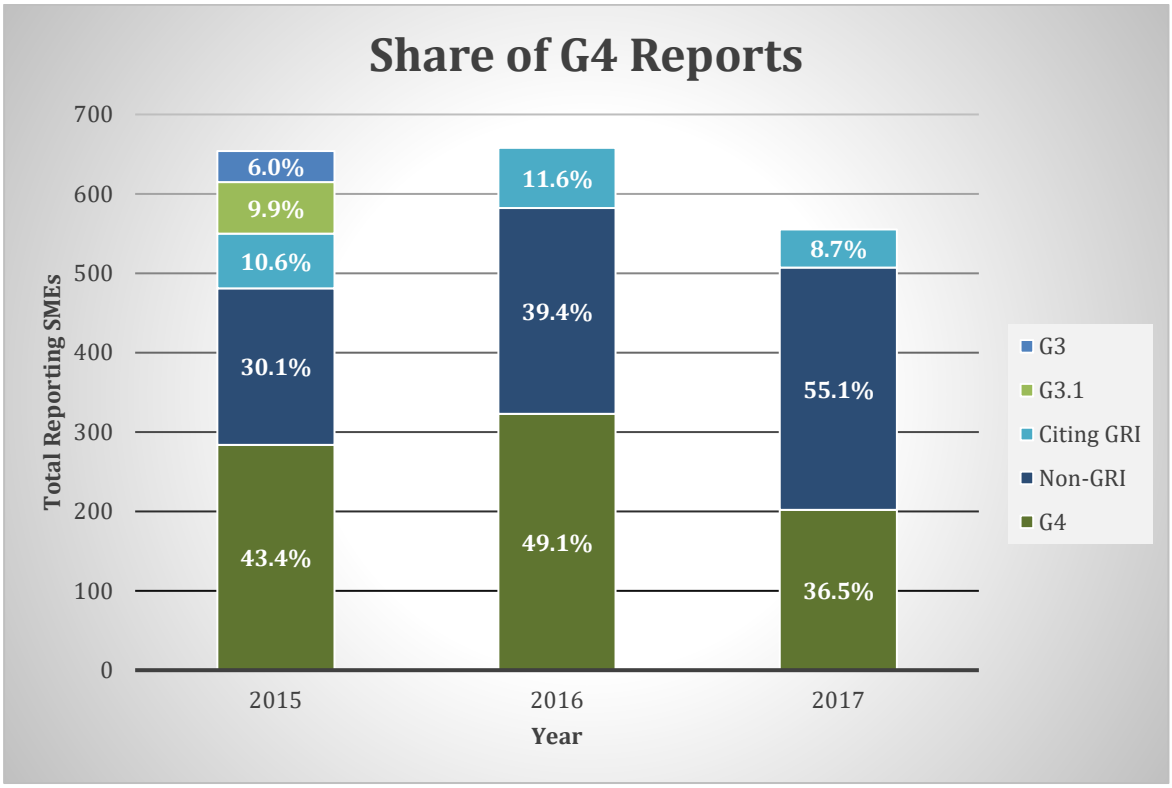

Figure 5: Share of Report types published (last updated 11 May 2018)

[27] Non-GRI as all sustainability reports do not fall under the categories of GRI Standards but discloses information on economic, environmental, social and governance performance, and there is no reference the report is being based on the GRI Guidelines or GRI standards. (GRI 2017, p.10)
[28] Citing-GRI that make explicit reference to being based on the GRI guidelines but do not include a GRI Content Index (GRI 2017, p.10)

Observed in Figure 5 almost 50 percent of SME organizations who published a report in 2016 adopted the G4 guidelines in their sustainability reports. The share of G4 guidelines adopted reports by SMEs have slightly risen from 2015 to 2016, which could indicate that more SMEs have trusted the GRI framework to help incorporate sustainability measures in their reporting, or it could mean that the G3 and G3.1 share of reporting SMEs in 2015 converted to the G4 guidelines in 2016. It also must be acknowledged that in 2017 the share of G4 report type has declined quite considerably. This can be due to the difference in the date the SMEs published and register their reports, as explained above, and the result can be regarded as inaccurate. GRI has also launched their most recent GRI framework in 2016, called the GRI-standards where SMEs could convert their G4 reports to the GRI-Standards. Still, it should be recognized that the total share in reports incorporating a reporting framework (G3, G3.1 and G4 in total) has declined, where the Non-GRI share of reports has increased quite considerably, even though 2017 does not give an accurate picture in the share of report types, Non-GRI has quite a huge start.

4.3 Total Indicators Reported

Figure 6 and 7 feature the total indicators reported by an organization compared to organization size. Through the total number of indicators an organization discloses, it can assume the intensity to which organizations engage in their sustainable management. Organization size was determined by the total employees an organization employ. Figure 6 indicated the total number of indicators reported by an organization in relation to the organization's size (total employees). Figure 7 plots the same data but in a different manner where the organization size is illustrated in a chronological order and a total number of indicators disclosed for each organization size is shown.

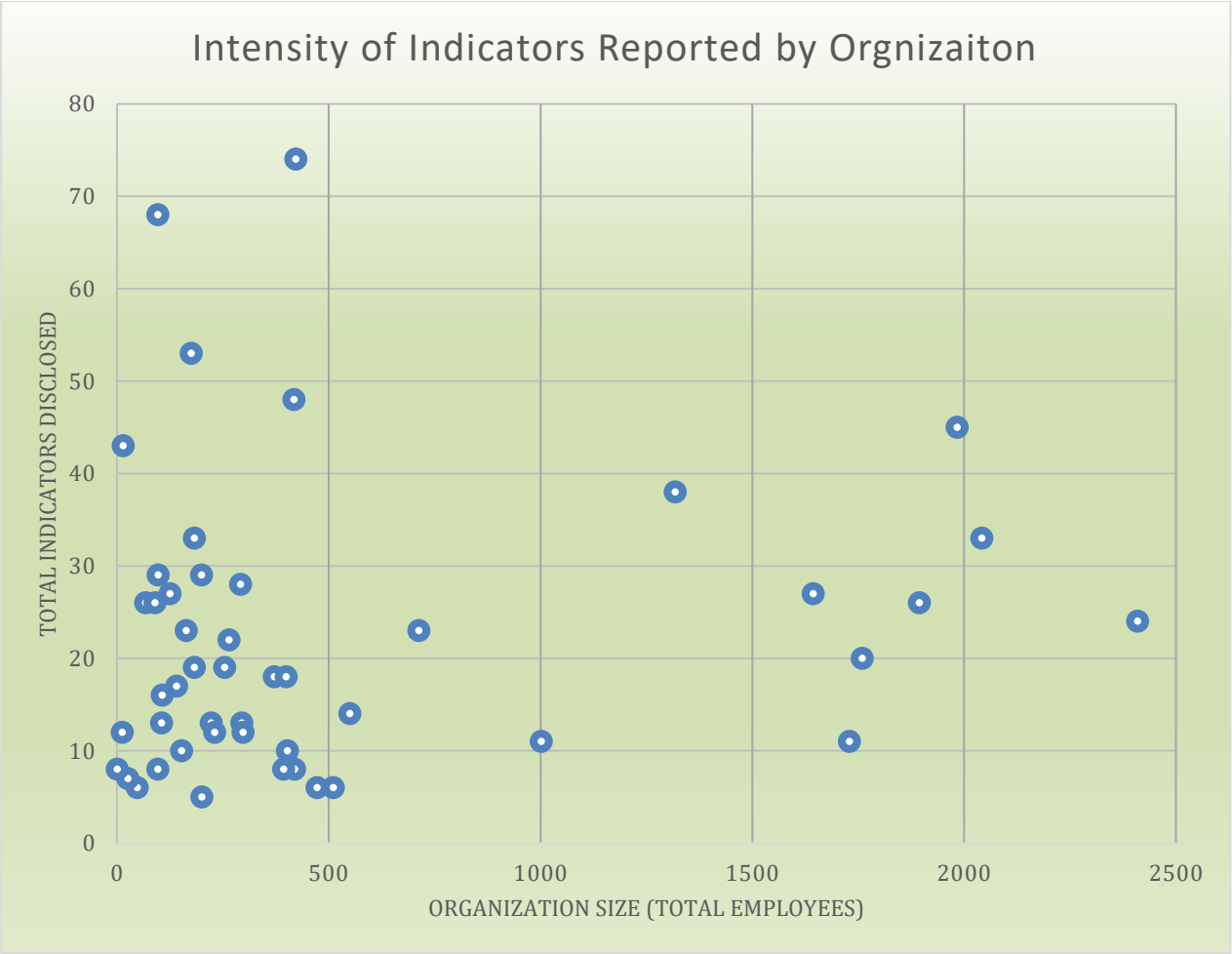

Figure 6: Number of indicators reported by organization (last updated 1 March 2018)

Observing the figure above, it does not seem that the size of organization correlate with the extent of reported indicators in the sustainability reports. Undoubtedly there is no inclination of a regression line which would indicate larger organizations (total employees) report on more sustainable indicators. Further detected is that some of the smallest organizations report more indicators than some of the larger organizations. To confirm the impression of size does not matter, the data was plotted in another chart as illustrated by figure 7 below.

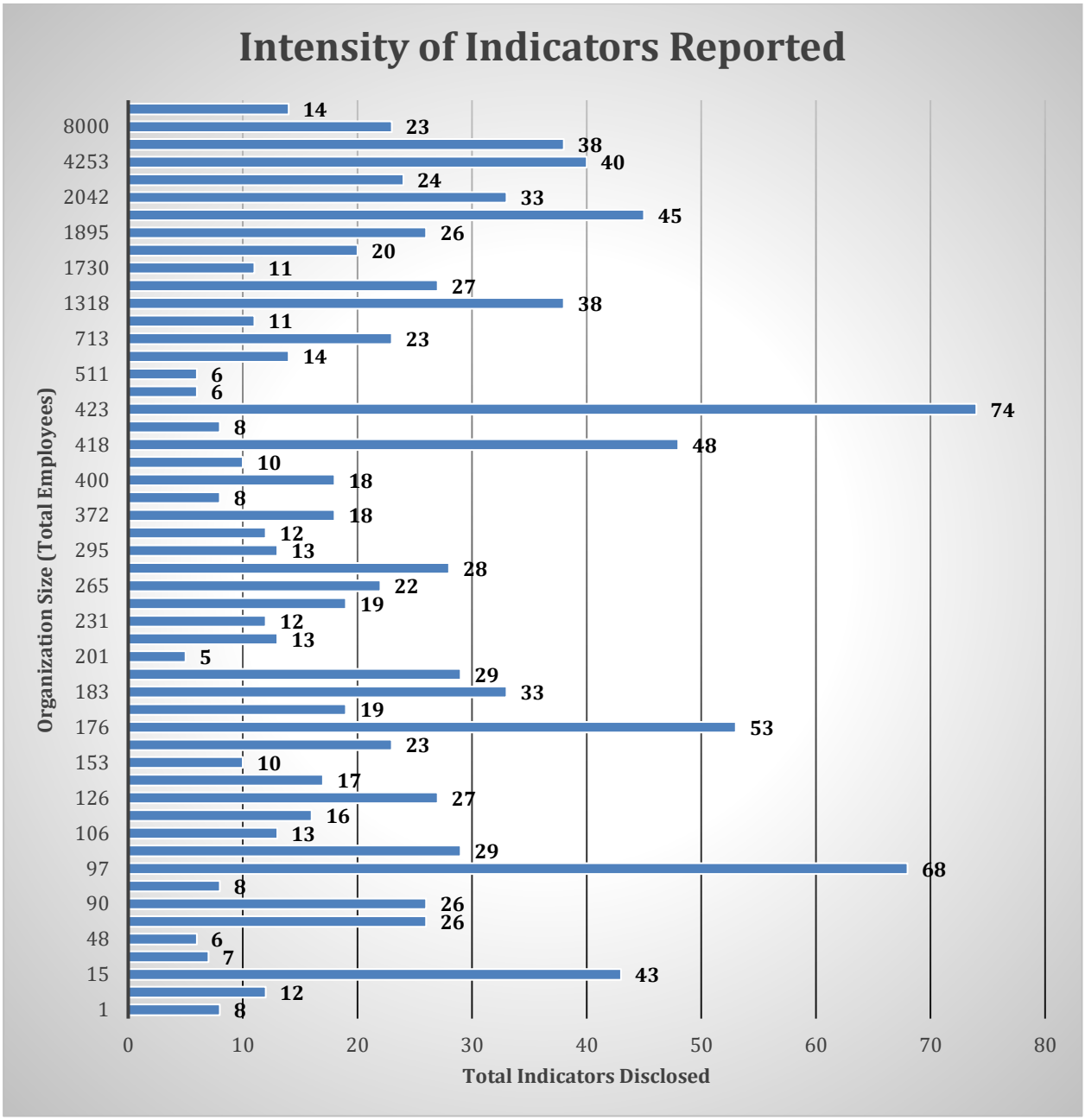

Figure 7: Intensity of indicators reported (last updated 1 March 2018)

Figure 7 above confirms the opinion derived from figure 6, disclosure of sustainable indicators does not seem to be linked to organization size. Although, when considering averages (as shown in table 7), there is a slight inclination that size does matter, but it must be considered whether a difference in 3 or 4 out of 91 indicators is such a huge difference. Rather the biggest concern should be that the average of the total indicators disclosed is at a low of 23 (25%) out of 91 indicators, where the average by dimension is a staggering low at: 22 percent for a total of 9 economic indicators; 26 percent for a total of 34 environmental indicators; and 25 percent for a total of 48 indicators reported.

Table 7: Averages of indicators disclosed

Averages by the total indicators disclosed (rounded to the next higher number)					
Largest organizations	**10**	28	**Smallest organizations**	**10**	24
Largest organizations	**20**	27	**Smallest organizations**	**20**	24
Total average					23
Total average by Dimension:					
Total average of Economic indicator disclosed					2
Total average of Environmental indicator disclosed					9
Total average of Social indicator disclosed					12

4.4 Frequency of Indicators Reported

Figure 8, 9, and 10 demonstrates the frequency of economic, environmental, and social indicators disclosed in sustainability reports produced by SMEs. Figure 10 discloses the frequency of social indicators reported, separated into its sub-categories: labor practices and decent work, human rights, society, and product responsibility. Table 8, 9, and 10 represents the different category's reporting frequencies, listing the highest reporting frequencies and the lowest reporting frequencies. Since a total of 52 companies were analyzed, the high reporting rate of 50 percent and more for indicators was found to be a frequency of 26 disclosures or more. As there were only a few indicators who received a frequency of 26 and more, for a more accurate analysis of the frequency of indicators disclosed, the high rate of reporting indicators was adjusted and lowered to 40 percent. Therefore, the frequency has lowered to 20 disclosures and more. On the other hand, the low reporting rate of 20 percent and less for indicators was found to be a frequency of 10 disclosures and less.

4.4.1 Economic Indicators

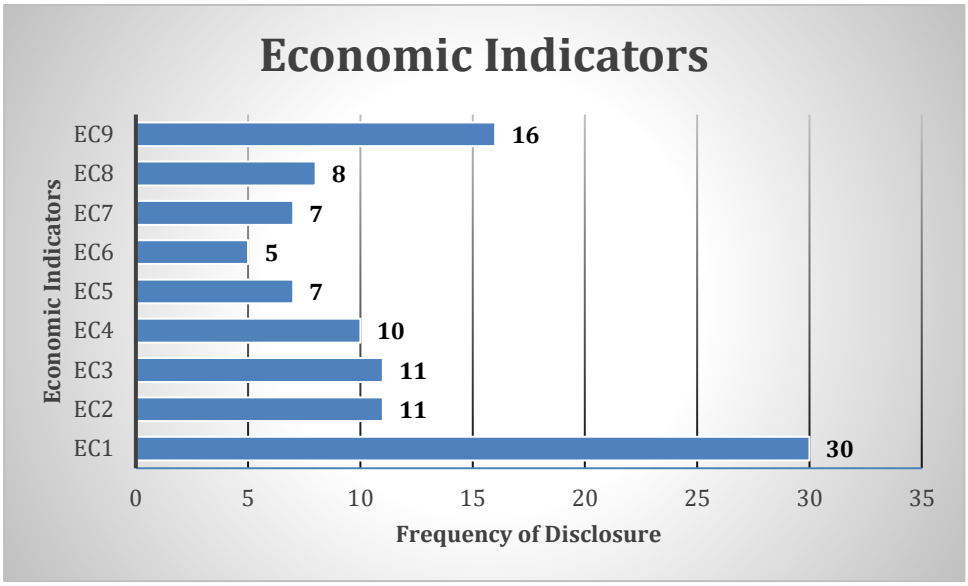

Figure 8: Frequency of Economic Inidcators Disclosed

Table 8: Economic Indicator Reporting Rate

FREQUENCY	INDICATOR	
HIGH (50% AND MORE)		
30	EC1	Direct economic value generated and distributed
LOW (20% AND LESS)		
5	EC6	Proportion of senior management hired form the local community at significant locations of operations
7	EC5	Rations of standard entry level wage by gender compared to local minimum wage at significant locations of operation
7	EC7	Development and impact of infrastructure investments and services supported
8	EC8	Significant indirect economic impacts, including the extent of impacts
10	EC4	Proportion of spending on local suppliers at significant locations of operation

(GRI, 2015, p.48-51)

The economic dimension "concern the organization's impact on economic conditions of stakeholders" and the indicators emphasize "the flow of capital among different stakeholders, and the main economic impacts of the organization throughout society (GRI 2015, p.48). Out of the 52 organizations analyzed, 35 percent (18) of the organizations did not disclose any economic performance indicators as many of them disclosed that it is not part of their policy to disclose their financial information to the public. Although through the rest of the reports, it is clear from the figure 8 which indicator is reported on the most. The most common economic

indicator reported is EC1 as 30 out of 52 (58 percent) companies reported on direct economic value generated and distributed. Worth noting was the next most common indicator reported on was EC9, with 16 out of 52 (31 percent) organization reported on the proportion of spending on local suppliers at significant locations of operation. The rest of the indicators did not get much attention, with 11 (21percent) or less companies reporting on the rest of the indicators and 56 percent (5 out of 9) of the indicators fell in the low reporting rate. The three lowest indicators reported on was EC6 at 10 percent, EC5 and EC7 with 13 percent each.

4.4.2 Environmental Indicators

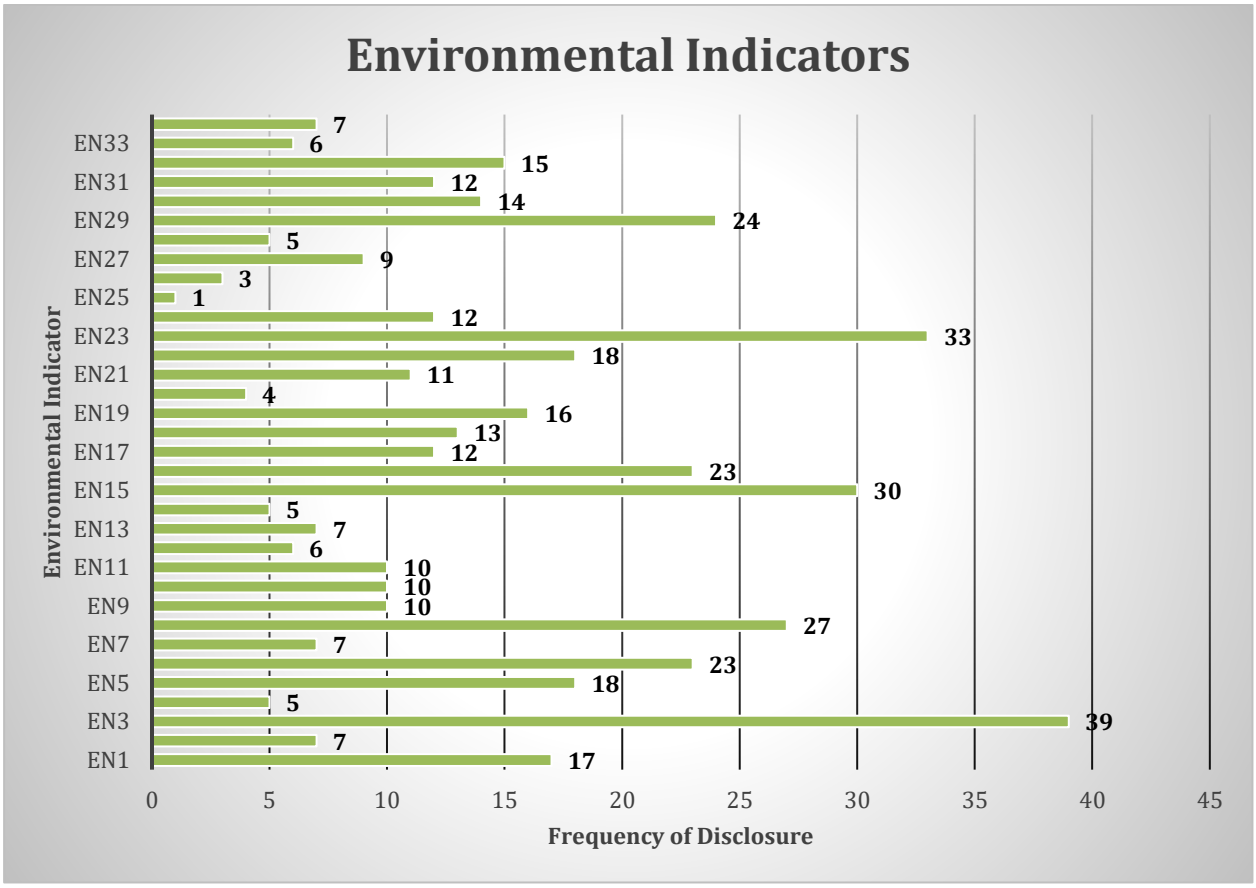

Figure 9: Frequency of Environmental Indicaros Disclosed

Table 9: Environmental Indicator Reporting Rate

FREQUENCY	INDICATOR	
HIGH (50% AND MORE)		
39	EN3	Energy consumption within the organization
33	EN23	Total weight of waste by type and disposal method
30	EN15	Direct greenhouse gas (GHG) emissions, scope 1
27	EN8	Total water withdrawal by source

ADJUSTED (40% AND MORE)		
24	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
23	EN6	Reduction of energy consumption
23	EN16	Energy indirect greenhouse gas (GHG) emissions, scope 2
LOW (20% AND LESS)		
1	EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel conversation annex I, II, III, and VIII, and percentage of transported waste shipped internationally
3	EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff
4	EN20	Emissions of ozone-depleting substances (ODS)
5	EN4	Energy consumption outside of the organization
5	EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk
5	EN28	Percentage of products sold and their packaging materials that are reclaimed by category
6	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
6	EN33	Percentage of new suppliers that were screened using environmental criteria
7	EN2	Percentage of materials used that are recycled input materials
7	EN7	Reductions in energy requirements of products and services
7	EN13	Habitat protected or restored
7	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms
9	EN27	Extent of impact mitigation of environmental impacts of products and services
10	EN9	Water sources significantly affected by withdrawal of water
10	EN10	Percentage and total volume of water recycled and reduced
10	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside projected areas

(GRI 2015, p.52-63)

The environmental category involves an "organization's impact on living and non-living natural systems, including land, air, water and ecosystems" (GRI 2017, p.52). Off all 34 environmental indicators, it can clearly be seen there are a few favorable indicators reported on. The indicators on which more than 50 percent of the companies reported on was: EN3 with

the highest rate of 75 percent; then EN23 with the second highest reporting rate of 63 percent; EN15 with 57 percent reported rate; and EN8 at a rate of 52 percent. Unmistakably EN25 and EN26 were the indicators that got the least attention from organizations with EN20 not far behind. There were quite a few environmental indicators that fell under the low report rate, 16 out of 34 indicators, thus 47 percent of the total environmental indicators.

4.4.3 Social Indicators

The social section involves the "impacts the organization has on the social system within which it operates" (GRI 2017, p.64). The social category is divided into labor practices and decent work, human rights, society, and product responsibility sub-categories, where most of the content is "based on internationally recognized universal standards or other relevant international references" (GRI 2017, p.64). The most notable social indicators reported was in the labor practices and decent work sub-category. The three indicators most reported was LA6 resulted in a 75 percent reporting rate, LA9 a 62 percent reporting rate, and LA1 a 54 percent reporting rate. Another high reporting rate of 52 percent was received by PR5 indicator under the sub-category, product responsibility. Like environmental indicators, many of the social indicators have a low reporting rate. Off all the 48 social indicators available, 21 indicators fell under the low reporting rate, thus 44 percent of the total indicators available for social disclosure in sustainable reports.

Many of the companies who reported gave their attention to the labor practices and decent work social indicators. This can be observed from figure 10 and table 10 below, as 5 labor practices and decent work indicators received a 40 percent reporting rate or over, compared to human rights, society, and production responsibility which only received one in each sub-section. Human rights sub-section received the least attention as 67 percent (8 out of 12) of its indicators fell in the low reporting rate criteria, closely followed by society sub-section, encountering 64 percent (7 out of 11) of its indicators in the low reporting rate. Thus, human rights and society make up 71 percent of the total low reporting rate indicators collectively.

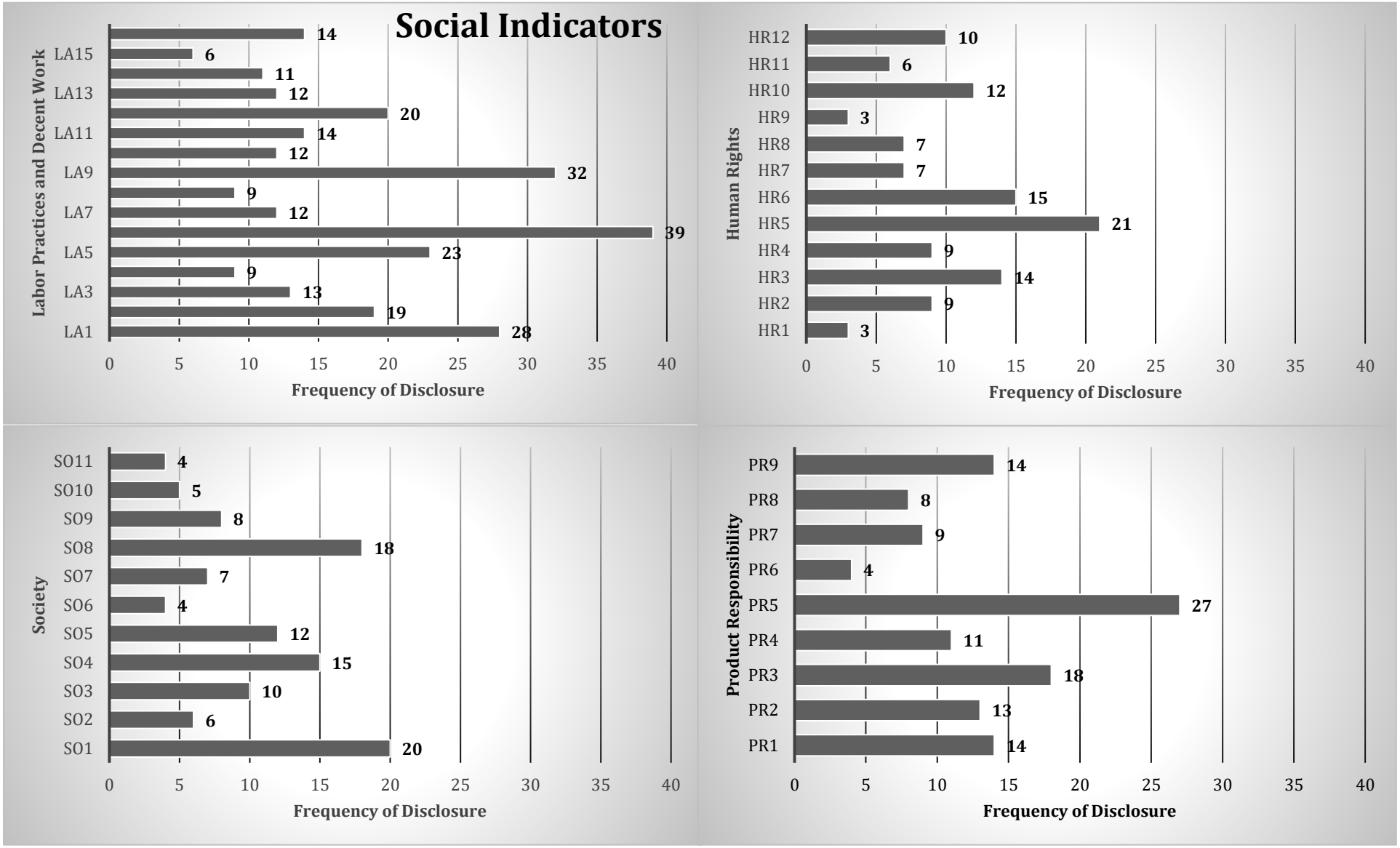

Figure 10: Frequency of indicators disclosed

Table 10: Social Indicators Reporting Rate

FREQUENCY	INDICATOR	
HIGH (50% AND MORE)		
39	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender
32	LA9	Average hours of training per year per employee by gender, and by employee category
28	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region
27	PR5	Results of surveys measuring customer satisfaction
ADJUSTED (40% AND MORE)		
23	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
21	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor
20	SO1	Percentage of operations with implemented local community engagement, impact assessment, and development programs
20	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
LOW (20% AND LESS)		
3	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
3	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessment
4	SO6	Total value of political contributions by country and recipient/beneficiary
4	SO11	Number of grievances about impacts on society filed, addressed, and resolved
4	PR6	Sale of banned disputed products
5	SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken
6	LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken
6	HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken
6	SO2	Operations with significant actual and potential negative impacts on local communities
7	HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations
7	HR8	Total number of incidents of violation involving rights of indigenous peoples and actions taken

7	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes
8	SO9	Percentage of new suppliers that were screened using criteria for impacts on society
8	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
9	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements
9	LA8	Health and safety topics covered in formal agreements with trade unions
9	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
9	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights
9	PR7	Total number of incidences of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes
10	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms
10	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks involved

(GRI 2015, p.64-83)

Overall the results indicated that the increase in SME sustainability reporting was quite stagnant compared to the significant increase by LEs and MNEs. Moreover, almost half of the total sustainability reports applied a reporting framework in 2016, where on the other hand the share of reports not using a reporting framework increased over the three reporting years analyzed. Furthermore, the 52 sustainability reports who applied the GRI-G4 framework only disclosed an average of 25 percent from the 91 indicators available for reporting with environmental indicators receiving the highest average report rate of 26 percent. Considering the charts produced where size of an organizations was plotted against the total amount of indicators disclosed, there did not seem to be any link between size of the organization and the number of indicators it disclosed. Generally, the frequency of indicators disclosed was low over all three dimensions. Nevertheless, a very few indicators could be distinguished from the rest as high reporting indicators, specifically 1 economic indicator, 7 environmental indicators and 8 social indicators.

5 DISCUSSIONS

The idea that SMEs should account for their environmental and social value they add and destroy like their larger counterpart, and not only focus on short-term economic profits, received traction over the years (Arena & Azzone 2012). SMEs have been portrayed as laggards in sustainability reporting research materials where on the other hand it has also been reported that SMEs in various regions have begun to publish sustainability reports. GRI has followed this movement through many projects where it was established that SMEs found sustainable reporting more valuable than expected (Rodriguez 2014). Therefore, the purpose of this thesis is to shed light on the current state of SME sustainability reporting, focusing on the indicators they report on. The study explored if there is a pattern of common indicators SMEs disclose in their sustainability reports, and questioned if the size of these SMEs could contribute to the extent of indicators an organization disclose in its sustainability report. Each sustainability report analyzed in this thesis conformed to the GRI framework of which the focal point of the GRI guidelines is to include non-financial reporting on economic, environmental and social dimensions to a wider range of stakeholders. Reports can be perceived as an important mechanism to communicate a significant message to stakeholders and create an image of sustainability.

Although, first the development in SME sustainability reporting was scrutinized through the total reports registered in the GRI database, and by exploring the share of reports utilizing a sustainability reporting framework. Noted before that SMEs lag behind when it comes to sustainability reporting and taking responsibility for their impacts (Arena & Azzone 2012). The results indicated that SMEs have been lagging and still are when it comes to producing sustainability reports. However, an increase in sustainability reporting in all three size classifications was shown, the increase in total sustainability reports produced by LE and MNEs have been quite significant compared to SMEs.

First it is quite surprising that the increase in SME sustainability reporting is not more substantial. Especially considering the magnitude and importance SMEs play in a country and for its economy, where SMEs are an important source in global supply chains (Bartels et al. 2016; Plugge & Wiemer 2008) and roughly represents eighty percent of all globally registered enterprises (Hörisch et al. 2014). Hörisch et al. (2014) explained, that larger organizations are

more engaged in implementing sustainable management as they are driven by higher levels of visibility, to media, NGOs, and governmental scrutiny, but also face high levels of pressure from stakeholders to respond to demands and in turn apply sustainability management. SMEs experience less public and stakeholder scrutiny which may be the reason why SMEs get away with fewer reasons to incorporate sustainability measures. Yet, it must be kept in mind that SMEs are not required to report on their business impacts and that most sustainability measures are voluntary.

Revell et al. (2009) concluded in their study that owner-managers are motivated by the 'pull' of potential savings, new customers, higher staff retention and good publicity rather than the push' of legislation. Nevertheless, it can be perceived that the 'push' of legislation has a greater effect on producing sustainability reports than 'pull' potentials. Thus, the stagnant increase in SME sustainability reporting can suggest that mandatory reporting legislations and regulations might be the only means for rapid increase in reporting rates. On the other hand, SME sustainability is not necessarily reported in an officially published form of report, but could also be included in low degree of formalization, in forms or mediums such as websites, pamphlets, non-official reports, advertisements, etc.

Except, a sustainability report presents a useful framework to which an organization can be assessed. When the share of SMEs utilizing a sustainability reporting framework against the total SME reports published in a certain year was explored, it was found that the share of SMEs implementing the GRI-G4 framework fluctuated. The results indicated that more than 50 percent of SMEs that published sustainability reports in 2015, incorporated a GRI reporting framework, while in 2016, almost 50 percent of SMEs that published sustainability reports incorporated the GRI-G4 framework. In contrast, the share of Non-GRI report types increased considerably over the 3 years analyzed, where in 2017, securing over 50 percent report rate of the total sustainability reports published by SMEs. Non-GRI reports discloses economic, environmental, social and governance performance, but these sustainability reports do not fall under the GRI standards as there is also no reference of the report being based on the GRI guidelines (GRI 2017).

The decline of SME sustainability reports incorporating a framework might have been due to many reasons. Although, this could be an indication that SMEs might want to report on sustainable issues but they are struggling to incorporate the GRI framework. Since there is

sustainability reports published by SMEs, it seems that more reports are being published without incorporating a reporting framework than with. However, the GRI framework has also been criticized providing considerable flexibility in reporting (Buhr et al. 2014), organizations cherry picking the information they want to disclose in their reports. Take for example the GRI-G4 guidelines with its three adherence levels. If an organization reports 'in accordance' to the Core option, for each identified material Aspect, a DMA and at least one Indicator should be disclosed. Compared to the Comprehensive option, for each identified material Aspect, a DMA and all the Indicators should be disclosed, where 'Undeclared' reports have no explicit 'in accordance' option declared but incorporate a complete G4 Content Index. (GRI 2015) Hardly surprising that 87 percent of the SME sustainability reports analyzed incorporated the 'in accordance' Core option of the GRI-G4 guidelines.

The GRI framework has been further criticized that their extensive set of sustainability indicators make it a costly process for the indicator data to be collected and analyzed, and that it is not necessarily suitable for SMEs (Arena & Azzone 2012). Arena & Azzone (2012, p.671) further concluded that "These problems are not specific of GRI, but arise from a certain inherent feature of the international standards for sustainability reporting, …". Therefore, considering the flexibility of the GRI framework, it needs to be questioned whether this is the reason why SMEs choose to report, as they are given the freedom to not focus on an extensive set of indicators.

Arena and Azzone (2012) pointed out, the GRI framework has a very large set of key sustainability indicators, 91 specific standard disclosures to be exact. Literature claims that company size affects sustainability application (Džupina, & Mišún 2014 & Hörisch et al. 2014), where Hörisch et al. (2014) went further and identified knowledge to be a crucial factor in sustainable application. From the studied SMEs, it can be assumed that knowledge might be thought of as the key to applying sustainability reporting and that size seems not to be linked to an organization engagement in sustainability reporting. An average of the 20 largest SMEs disclosed 30 percent (27) of the 91 indicators, where the average of the 20 smallest SMEs disclosed 26 percent (24) of the 91 indicators. The difference in 3 indicators from 91 indicators is presumed not to be of a great concern. The troublesome fact is that the average of the total indicators disclosed by the studied organizations was 25 percent (23 indicators), considering the statements from Buhr et al. (2014) and Hörisch et al. (2014), an organization's seriousness in their responsibilities and how strongly an organization engages is sustainability management,

can be seen from the application of such tools and their activities across all three sustainable dimensions.

The intensity to which SMEs disclose indicators across all three sustainable dimensions; economic, environmental, and social, was substantively low according to the results. It is of no surprise that the average for economic indicator disclosure is low, as only 18 of the 51 organizations used for analysis, did not report on economic indicator since these SMEs do not disclose any financial information in public reports. Yet an average low for both environmental indicators and social indicators was recorded at 26 and 25 percent respectively. In the low intensity of disclosing sustainable indicators and identifying knowledge as a crucial factor in applying sustainability measures, it appears that knowledge can be seen as one of the biggest barrier to overcome. However, knowledge is not the only barrier SMEs face when incorporating sustainability measures, capital, time and skilled personnel are all crucial elements in an organization when incorporating sustainable elements into business. All these elements might be interlinked, as Arena & Azzone (2012) explains, many SMEs do not have the adequate skills to implement sustainability practices and important resources, such as time and money prevent them from acquiring the knowledge and skills needed to develop sustainable practices where at the same time, lack of expertise limits their capacity to prioritize time and resources required.

In the study, very little indicators received a high reporting rate in all three categories of the GRI Framework. Only 1 Economic indicator, and 4 indicators in each Environmental and Social category had been disclosed by more than 50 percent of the organization studied. Thus, barely 10 percent of all the indicators available to be reported was disclosed by 50 percent of the organizations analyzed. It was expected that there would have been a more diverse selection of indicators disclosed by the reporting organizations as the criteria for the high reporting rate was already set at 50 percent, if none of the indicators received a reporting of more than 75 percent. Most of the indicators disclosed, 46 percent of all the indicators, fell in the 50 – 20 percent reporting rate rage. Consequently, in the pursuit of a clear pattern in sustainability reporting indicators disclosed, was not so clear-cut as anticipated. The few indicators which received the highest reporting rate did not cover 25 percent of the Aspects available to report in the GRI Framework, where the society and human rights sub-category in the social category did not even get one indicator in the rankings.

Although, the 9 most common indicators reported were comprised of the following Aspects: economic performance (EC1) in the Economic category; energy (EN3), water (EN8), emissions (EN15), and effluent and waste (EN23) in the Environmental category; and employment (LA1), occupational health and safety (LA6), training and education (LA9), and product and service labeling (PR5) in the Social category. These Aspects and indicators could be a definite starting point for those wanting to embark sustainability reporting. When the high reporting rate was adjusted to 40 percent, 3 more Environmental indicators and 4 more Social indicators joined the rankings. This supplied a more diverse view in the social Aspects reported of the most common indicators supporting sustainable reporting with diversity and equal opportunity (LA12), child labor (HR5), and local community (SO1). Occupational health and safety (LA5), energy (EN6), and emissions (EN16) were Aspects that were already included in 50 percent reporting rate, but their indicators differ. Another Aspect included to the adjusted reporting rate is compliance (EN29) from the Environmental category.

On the other hand, 46 percent (42 out of 91) of all the indicators disclosed were reported only by 20 percent of the organizations. Therefore, it can be observed that 80 percent of the total organizations did not report on almost half of the total suggested indicators supplied by the GRI framework. It can be assumed, due to the low degree of reporting for these indicators, they are perceived as irrelevant to the specific organizations sustainable reports, and that those organizations who did disclose these specific indicators was an important aspect in the sector these SMEs operated in. It can also be assumed that some of these indicators might have been too complex and information difficult to come by for SME reporting. The reasons for SMEs not reporting on these specific sustainability indicators may spark different opinions, yet when only the results are considered, it shows a clear pattern of indicators which can be assumed as immaterial when wanting to introduce a general set of topics to which all SMEs can relate and report.

The general observation was that despite the many barriers SMEs face and despite the low degree of sustainability reporting, SMEs are supplying sustainability reports. Even though the low reporting rate, some level of sustainable management is genuinely better than none. Williams and Schaefer (2012) claimed that pro-active sustainability reporting SMEs could supply valuable information as they already seem to have overcome some of the traditional barriers SMEs face. In the analysis of pro-active sustainably reporting SMEs, it highlighted some key sustainability reporting themes. Some of these themes were already mentioned in a

study by Plugge and Wiemer (2008) in SME sustainability reporting, where they have noted that SMEs found these aspects easy to report on since some of the indicators were already being measured, thus also known, prior to incorporating sustainability reporting. This could be a starting point in building a sustainability reporting framework specifically tailored to SMEs and in turn improving SME sustainability reporting by making it uncomplicated and effortless to implement. In the hope of instigating a concise set of general sustainable indicators to be recommended for SME sustainability reporting, the thesis has encountered too many limitations which questions the accuracy of the results, but could be a lead to many future research.

First, it must be noted, since the information gathered utilized content analysis, it limits the gathered data to be of a quantitative nature rather than a qualitative, and therefore it fails to explain the quality of the sustainability reports. Considering the low degree and intensity in SME reporting, the quality of the reports disclosed is essential for future research in SME sustainability reporting. Through the quantitative research it illustrated what the study's research sample SMEs focused on the most in their sustainability reports, but with qualitative, it can be seen to what degree SMEs report in their economic, environmental, and social impacts, performances and management.

The results were also limited by the small sample size. Considering the extremely huge magnitude of SMEs in economies, roughly represented by 80 percent of all globally registered enterprises, the sample size was only of 52 organizations. There were a few more reports available for analysis, although more than half of the total reports were in different languages than English, which might have produced more accurate results for the study. Also, it must be noted that any remarks and conclusions made regarding SMEs, could only be done considering the very small sample size, and not for SMEs in general.

Further, the sample size did not take the country, sector, and all the different reporting types into consideration, therefore the results only show a general indication what SMEs reported in according to the GRI-G4 reporting framework, therefore the results cannot speak for the SME group as a whole. Accordingly, the sample group should be expanded to increase the reliability of the results. Comparing whether a general set of indicators can be implemented across different sectors and regions for ease of first-time reporting. Further comparing and assembling a general set of indicators applicable according the SMEs incorporating a different reporting framework or none at all.

Further, the quality of the results is directly dependent on the quality of the GRI Content Indexes supplied in the reports, and therefore the results are determined by the completeness and reliability of the indicators supplied in these indexes. Consequently, understanding the motives and drive why some indicators are disclosed in reports and especially why others are omitted, is a key to understanding why these voluntary indicators were reported on. Additionally, the previous reports and first-time reporters were not considered. This could shed light on the extent first-time reporting organizations report, and in the case of companies who have supplied reports regularly, if reports show the same information or has the reporting company progressed in its reporting. But of the utmost important, collecting information on reporting companies that have quit reporting on their sustainability issues or quit reporting according to a sustainability framework, and the reasons why.

6 CONCLUSIONS

SME sustainability reporting has increased over the years, but not nearly what is expected since their huge presence in economies. Hardly surprisingly SMEs are portrayed as laggards compared to the magnitude of increase in MNE and LE sustainability reporting. Large organizations and SMEs might operate in the same environment, but they operate in different ways as they tend to articulate different principle of responsibilities. Additionally, characteristic differences in SMEs frustrate them when sustainable measures are attempted. Researchers has identified many barriers SMEs face in incorporating sustainable measures, but the most significant barrier is identified as lack of resources, such as time, money, skilled personnel and knowledge.

Attempts to assist sustainability reporting from institutions such as the GRI has been controversial. GRI boasts with a reporting framework that accompanies an extensive set of key reporting indicators to standardize sustainability reporting for all sorts of organizations, although the GRI framework have been criticized being too complex, costly and time consuming for SMEs. From the results the SMEs incorporating the GRI reporting framework and not is 50/50, while there is a slight inclination that more SMEs are not incorporating a reporting framework. Yet the GRI framework has also been scrutinized for being flexible in sustainability reporting, too flexible that organizations are cherry picking the information they want to disclose and not necessarily have to. However, whether this flexibility be a reason for increase in SME sustainability reporting, could be a valuable contribution in SME sustainability reporting utilizing frameworks for future research.

Despite GRI's extensive set of key sustainable indicators and the flexibility in incorporating them into sustainability reports, the average total number of indicators disclosed by SMEs was calculated to be 23 out of 91 indicators, thus an average of 25 percent. The low average rate in indicator disclosure by SMEs could be a confirmation that the GRI framework is too complex, costly, or time consuming. It can also indicate that SMEs are in need for a concise set of indicators, making reporting more effortless and uncomplicated. Additionally, a key barrier to SME sustainability reporting is knowledge. The extent of indicators disclosure seems to be linked to knowledge or ease of disclosure, irrespective of the of the size of the organizations,

even in the SME size group. Therefore, the low rate in sustainability indicator reporting further suggest for a concise set of indicators.

Due to the small sample size, and flexibility and low rate of indicator disclosure in companies, the intensity to which SMEs disclosed indicators across all three sustainable dimensions was equally low. This complicated the aim to discern an accurate pattern for a full set of common indicators disclosed. Even though only a few indictors received a high rate of disclosure, it gives some indication to which indicators SMEs find significant and straightforward to report. The indicators were also of the kind for which information was already available and/or easy to come by. These indicators fell into economic performance, energy, water, emissions, effluent and waste, employment, diversity and equal opportunity, occupational health and safety, training and education, child labor, local community, product and service labelling, and the compliance spectrum. Because the thesis applied only quantities measures and did not regard quality of the indicators disclosed, only the scope to which an indicator applies could be suggested and therefore further research is in the qualitative nature in these sustainable indicators is essential to suggest a set of general indicators a SME can incorporate into their sustainability reports.

There has also been a notable number of sustainability indicators which did not receive much attention from SMEs. It could be concluded that these indicators are irrelevant to SME sustainability reporting, although it has been reported and may be deemed important due to the organizations specific sector or circumstances. The thesis did not consider the sectors in which the SMEs operate. Accordingly, there is much room for further research into SME sustainability reporting, the framework they apply and the indicators they disclose. This could for example lead to an uncomplicated and accurate set of sustainability indicators specifically tailored for SMEs to utilize as a reporting framework breaking the barriers so many SMEs face in sustainable management.

In a constantly changing world, where sometimes even large organizations struggle to keep their head above water, the Global Head from KPMG Sustainability Services, José Luis Blasco warned in their 2017 CR reporting survey, he wanted to get three important messages across: “Firstly, get ready for more reporting regulation because it is on the way. Secondly, be clear that reporting integration is the new normal and ‘non-financial’ is the new financial. Finally, remember that from here on in, it’s all about reporting your impacts not just statistics.” (Blasco

& King 2017) Therefore the question lies, where does this leave SMEs in the whole spectrum of sustainability?

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APPENDICES

Appendix 1: General Data & Total Indicators Reported Data Collected

Sector	*Country*	*Report year*	*Adherence Level*	*Number of Employees*	*Indicators reported*			
					Total	**Economic**	**Environmental**	**Social**
Agriculture 5 out of 12 organizations	Canada	2017	Core	1730	11	1	5	5
	Singapore	2017	Core	13884	14	2	2	10
	Peru	2017	Undeclared	68	26	3	4	19
	Indonesia	2015	Core	13	12	6	3	3
	India	2015	Core	473	6	0	2	4
Automotive 7 out of 8 organizations	India	2015	Core	223	13	0	3	10
	India	2015	Core	231	12	0	4	8
	India	2015	Core	48	6	1	2	3
	India	2015	Core	201	5	0	2	3
	India	2015	Core	26	7	0	2	5
	India	2017	Core	420	8	0	4	4
	India	2015	Core	1002	11	0	4	7
Aviation 2 out of 5 organizations	Australia	2016	Core	372	18	2	8	8
	Germany	2016	Core	176	53	5	19	29
Chemicals 5 out of 8 organizations	Sweden	2016	Core	1760	20	2	10	8
	U.S.A.	2016	Core	164	23	0	10	13
	Belgium	2017	Core	141	17	0	8	9
	India	2015	Core	97	8	0	5	3
	Canada	2017	Core	265	22	0	7	15
Computers 1 out of 1 organizations	India	2015	Undeclared	97	68	9	20	39
Consumer Durables 1 out of 3 organizations	India	2017	Core	4253	40	4	16	20
Equipment 3 out of 15 organizations	Turkey	2016	Core	713	23	2	10	11

	India	2015	Core	511	6	0	2	4
	Turkey	2016	Core	295	13	1	5	7
Food and Beverage Products [7 out of 27 organizations]	UAE	2015	Core	298	12	0	1	11
	U.S.A.	2015	Core	550	14	0	9	5
	Peru	2016	Core	200	29	4	5	20
	Australia	2016	Core	1644	27	0	15	12
	Sweden	2017	Core	403	10	3	4	3
	Belgium	2015	Core	106	13	0	4	9
	Denmark	2017	Comprehensive	423	74	2	26	46
Forest and Paper Products [3 out of 7 organizations]	Norway	2017	Core	2042	33	0	14	19
	U.S.A.	2016	Undeclared	8000	23	4	10	9
	Australia	2015	Core	107	16	3	7	6
Healthcare Products [2 out of 6 organizations]	India	2017	Core	400	18	3	4	11
	Switzerland	2016	Core	126	27	4	15	8
Household and Personal Products [2 out of 5 organizations]	U.S.A.	2016	Undeclared	153	10	0	7	3
	Taiwan	2015	Comprehensive	90	26	5	10	11
Metal Products [5 out of 7 organizations]	India	2015	Core	98	29	4	13	12
	Zimbabwe	2017	Core	183	19	1	13	5
	India	2016	Core	394	8	2	4	2
	India	2015	Core	292	28	4	13	11
	Switzerland	2017	Core	183	33	5	13	15
Mining [3 out of 3 organizations]	Canada	2016	Core	15	43	5	22	16
	U.S.A.	2016	Core	1984	45	4	19	22
	Canada	2017	Core	1318	38	2	14	22
Retailers [1 out of 6 organizations]	New Zealand	2016	Core	1895	26	1	7	18
Technology Hardware [1 out of 3 organizations]	Taiwan	2017	Core	5009	38	2	20	16
Textiles and Apparel [4 out of 12 organizations]	Indonesia	2015	Core	1	8	3	3	2
	Italy	2017	Core	255	19	1	8	10
	South Africa	2016	Undeclared	418	48	4	15	29
	Norway	2017	Core	2410	24	1	7	16

Appendix 2: Frequency of Indicators Disclosed

Economic Indicators

Indicator	EC1	EC2	EC3	EC4	EC5	EC6	EC7	EC8	EC9
Frequency disclosed	30	11	11	10	7	5	7	8	16

Environmental Indicators

Indicator	EN1	EN2	EN3	EN4	EN5	EN6	EN7	EN8	EN9	EN10	EN11	EN12	EN13	EN14	EN15	EN16	EN17
Frequency disclosed	17	7	39	5	18	23	7	27	10	10	10	6	7	5	30	23	12
Indicator	EN18	EN19	EN20	EN21	EN22	EN23	EN24	EN25	EN26	EN27	EN28	EN29	EN30	EN31	EN32	EN33	EN34
Frequency disclosed	13	16	4	11	18	33	12	1	3	9	5	24	14	12	15	6	7

Social Indicators

Indicator	LA1	LA2	LA3	LA4	LA5	LA6	LA7	LA8	LA9	LA10	LA11	LA12	LA13	LA14	LA15	LA16
Frequency disclosed	28	19	13	9	23	39	12	9	32	12	14	20	12	11	6	14
Indicator	HR1	HR2	HR3	HR4	HR5	HR6	HR7	HR8	HR9	HR10	HR11	HR12				
Frequency disclosed	3	9	14	9	21	15	7	7	3	12	6	10				
Indicator	SO1	SO2	SO3	SO4	SO5	SO6	SO7	SO8	SO9	SO10	SO11					
Frequency disclosed	20	6	10	15	12	4	7	18	8	5	4					
Indicator	PR1	PR2	PR3	PR4	PR5	PR6	PR7	PR8	PR9							
Frequency disclosed	14	13	18	11	27	4	9	8	14							